

Dividend Growth Portfolio

Trend Dynamics, Inc.

Providing Steady Income Streams for Investors

Trend Dynamics was founded in 1991 as an investment advisory firm serving high net worth individuals and institutional investors. The Firm's origins were based upon utilizing a proprietary investment research program, TIPS (Trend Identification Parameters), which provides quantitative models utilizing historical pricing data to determine the underlying trends for stocks, bonds, mutual funds and ETF's.

In recent years, due to the decline in interest rates, clients have been searching for additional income. To address this need, Trend Dynamics developed its Dividend Growth Portfolio. The primary objective of this portfolio is to provide increasing dividend income over time, long-term capital appreciation and a reasonable current income through investments primarily in dividend-paying stocks. Our strategy seeks to accomplish two important objectives: it provides clients with an increasing level of income each year and, when markets decline, clients don't have to sell shares in order to maintain their current lifestyle. Another important consequence of this strategy is to generate attractive capital gains over time from the growth of the underlying securities at a favorable tax rate.

Our investment process with the strategy starts with a universe of all U.S. and multi-international companies paying dividends. Next, we screen out any companies that do not have a minimum dividend yield of 1.5%. Then we screen out those companies which have not increased their dividend in each of the past five years or have actually decreased their dividend in any of the preceding five years. We also eliminate any companies that have a dividend payout ratio in excess of 60 % or an average daily trading volume of less than 200k shares.

From this reduced pool of securities, we then select 20-25 companies that we feel provide diversification among the ten S&P 500 sectors. The primary goal is to generate tax-advantaged income annually with the potential for capital gains over time. The stocks in the portfolio are given an equal weighting vs. using a weighting based upon the relative market cap of each security.

Since dividends are taxed at 15% to 20% (based upon a client's income level), this approach should be more attractive than interest earned on fixed income investments, which can be taxed as high as 39.6%. And, in periods of rising interest rates, there should be less pricing volatility with these stock holdings vs. fixed income instruments.

Annualized Returns Through March 31, 2019

	Dividend Growth	AGG*
1Q 2019	8.6%	2.9%
1 Year	10.8%	4.3%
3 Year	6.8%	2.0%
5 Year	7.5%	2.7%

* iShares Core US Aggregate Bond ETF

The Trend Dynamics Dividend Growth Strategy Portfolio performance returns reflects gross returns. This material has been prepared solely for informational purposes from data sources that are believed to be reliable, and is not to be taken as professional advice. There can be no assurance that your portfolio or positions can achieve the indicated performance due to client directed purchases and sales of securities and capital flows. All information and data provided herein are subject to change without notice. As with all historical data, past performance is not indicative of future results. All investments involve risk including loss of principal.



2000 Auburn Drive
Suite 200
Beachwood, Ohio 44122
(216) 292-8144

5100 Poplar Avenue
Suite 2700
Memphis, Tennessee 38137
(901) 212-7967