

# First Outlook

**First County Advisors**  
 INVESTMENTS | TRUSTS | ESTATES  
 The Wealth Management Division of First County Bank

Strategic Money Management: Dividend Equity Investing.

**Updated data**  
 as of year-end 2014.

## A strategic approach of generating income from stocks.

A report by First County Advisors

**First County Bank**  
*It's where you belong.*

### In this issue:

- An income-generating strategy based on stocks that pay consistent dividends.
- A comparison of stock yields versus inflation.
- A historical view of stocks versus money market performance.
- A history of dividend performance for the Strategic Value portfolio.
- How First County Advisors can help you get started.

First County Advisors provides you with expertise and experience in all facets of investing. Recent market fluctuations have deterred some from entering and/or remaining in the stock market. However, the idea of using dividend-producing securities to provide a current, steady income offers an interesting alternative to both novice and experienced investors.

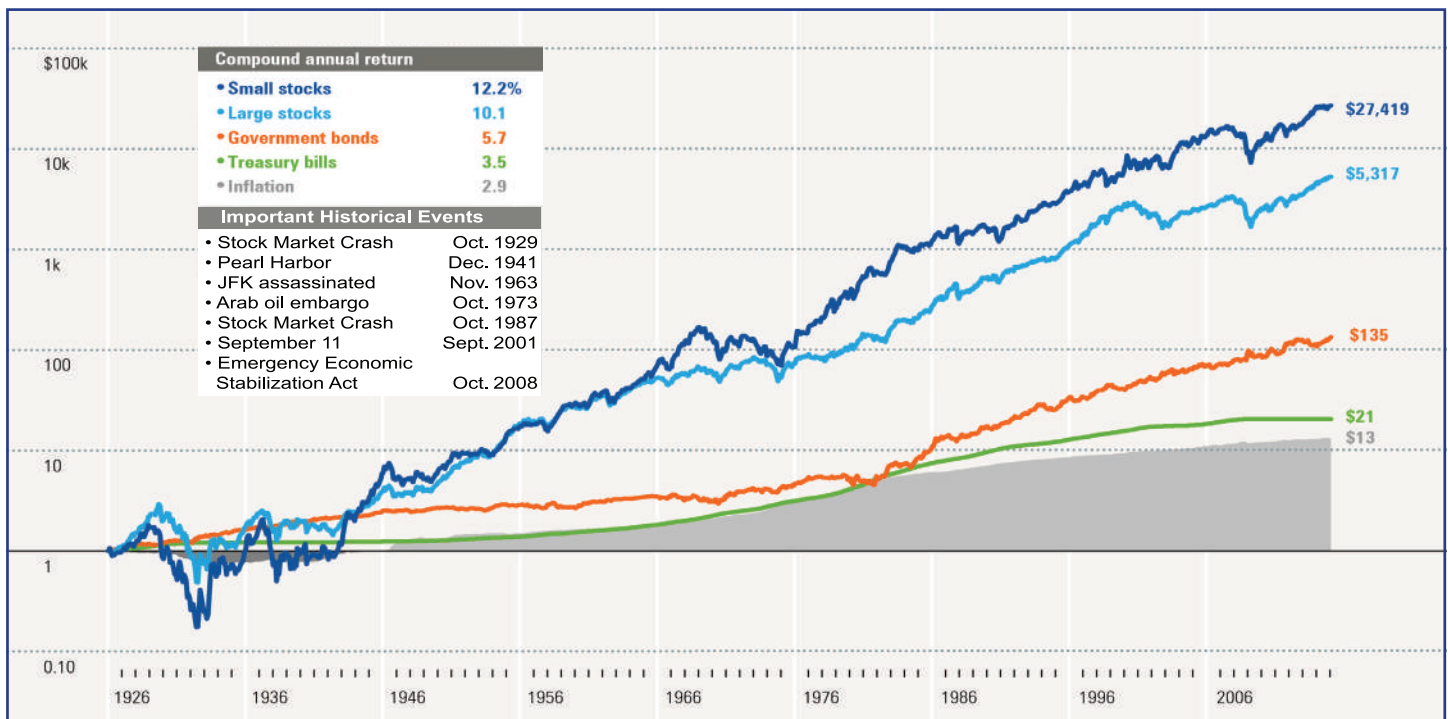
### A look at risk for the risk-averse.

There is risk in every investment; though some investments are certainly safer than others.

The chart below shows a comparison of compound annual returns from investing in stocks vs. bonds vs. T-bills over time. As you can see, despite the fluctuations of the stock market, there has been a historical total return advantage to investing in dividend-producing equities.

So how can you participate in the stock market's traditionally higher total returns and still sleep comfortably at night? We believe the answer is to diversify your investment—spread it over several companies—and to select stocks that have historically paid dividends as a cushion against volatility.

## Stocks, Bonds, Bills, and Inflation 1926–2014



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.  
 © 2015 Morningstar. All Rights Reserved.



Equity income investing provides three key reasons why dividend-paying stocks make good sense in today's low interest rate environment:

**Performance Potential**

Studies dating back to 1926 show dividends accounting for 41% of the total return for stocks on an annualized basis.

**Decreased Volatility**

Dividend-paying stocks tend to be issued by more mature and stable companies. They are a sound alternative to high growth, higher risk investments.

**Tax Benefits**

The American Taxpayer Relief Act of 2012 (ATRA) permanently extends the qualified dividend rates for taxpayers above the 25% tax bracket (and below the \$400,000 income level for single individuals, \$450,000 for married couples) at 15%. The tax rate for individuals above the \$400,000/\$450,000 thresholds will be at 20%.

At First County Advisors, we partner with Federated Investors, Inc. which selects and monitors a portfolio of stocks that has traditionally paid consistent dividends over time. Since its founding in 1955, Federated Investors, Inc. (NYSE:FII) and its subsidiaries have grown to become one of the nation's largest investment management organizations with assets under management of approximately \$363 billion in investment strategies of domestic and international equity, fixed income and money market asset classes.

Federated Investors offers depth and breadth in its selection of products to meet the needs of virtually any client. Its Strategic Value Separately Managed Account (SMA) portfolio is an excellent choice for investors pursuing current income in a high-quality investment. The focus is on solid, mature companies with stable financial characteristics that may provide investors with the added benefit of long-term capital appreciation.

**Our Philosophy**

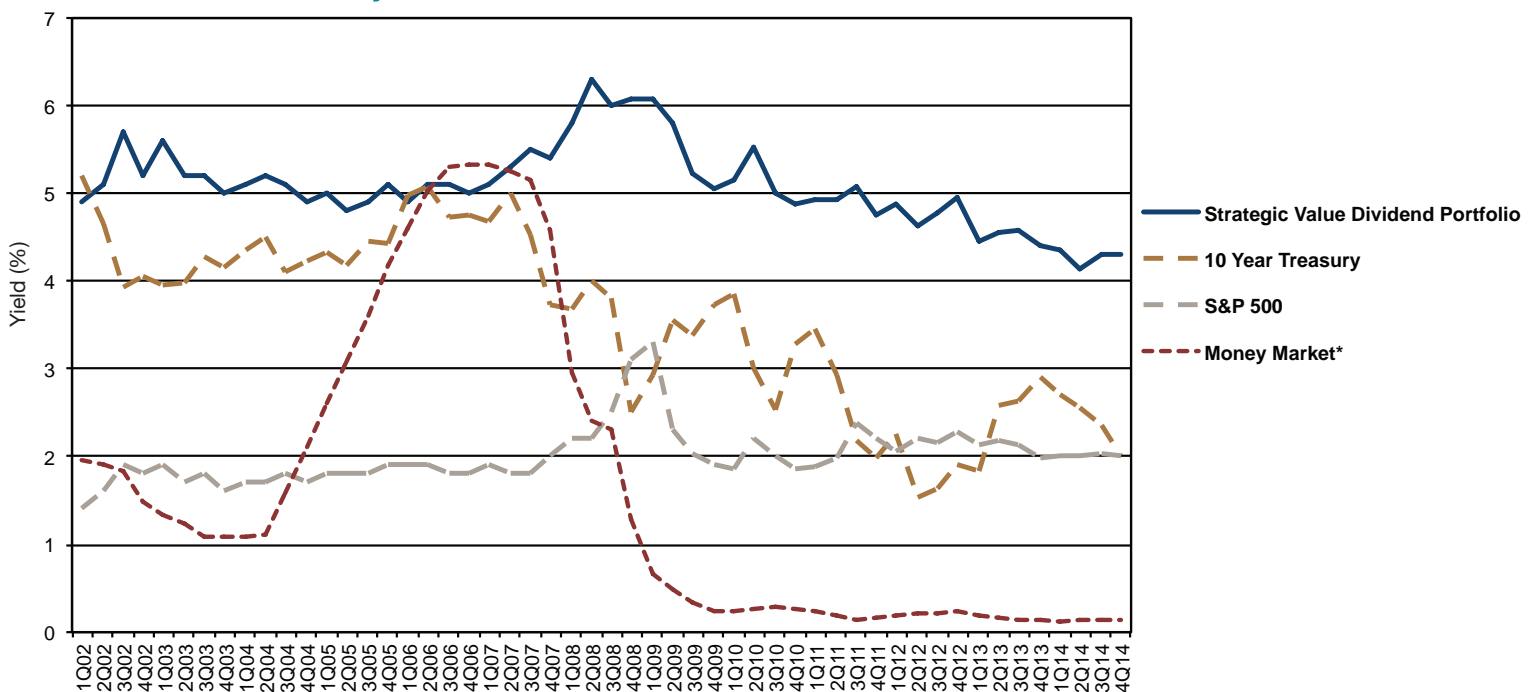
We believe client assets should be invested in a businesslike manner, with an eye to cash returns and the long-term, using the stock market as a platform to make investments in major enterprises rather than as an end unto itself.

We believe the discipline of high payout, plus the commitment of management to return funds to investors through regular dividends, are attractive investment characteristics—particularly in a time when cash flows are too readily squandered in low or no return projects.

We believe a portfolio of high dividend paying stocks can produce attractive total returns and offers lower levels of long-term volatility compared to low- or non-dividend paying stocks.

We believe that an investment product with a high current yield, a growing income stream that offsets inflation, and lower downside risk will help meet the needs of a wide range of investors, including those entering a distribution phase over the next decade.

**Dividend Yield History**



Past performance is not indicative of future results. Data reflect the representative portfolio of the wrap composite. As of 12/31/14.

\*MoneyNet Taxable Inst. Category Average

The SMA Dividend History chart below shows you that the Portfolio has paid dividends consecutively since 2004. Though past performance is no guarantee of future results, the Dividend Equity portfolio has outperformed Treasuries, the S&P 500, and Money Market accounts for most of the past 10 years.

The yields referenced in this chart have been generated by a portfolio typically consisting of 35–40 stocks from diverse market sectors. Federated Investors chooses these stocks based on both the consistency of their dividend history and their potential for future dividend growth. Many of these companies have paid dividends consecutively since the early to mid-1900s.

### Strategic Value Dividend (Equity Income) SMA Dividend History

	Portfolio Dividend Yield	S&P 500 Dividend Yield	Dow Jones Select Dividend Yield
December 31, 2014	4.3	2.0	3.4
September 30, 2014	4.3	2.0	3.6
June 30, 2014	4.1	2.0	3.4
March 31, 2014	4.4	2.0	3.6
December 31, 2013	4.4	2.0	3.6
September 30, 2013	4.6	2.1	3.7
June 30, 2013	4.6	2.2	3.7
March 31, 2013	4.5	2.1	3.8
December 31, 2012	5.0	2.3	4.3
September 30, 2012	4.8	2.2	4.0
June 30, 2012	4.6	2.2	4.0
March 31, 2012	4.9	2.1	4.0
December 31, 2011	4.8	2.2	4.1
September 30, 2011	5.1	2.4	4.3
June 30, 2011	4.9	2.0	3.9
March 31, 2011	4.9	1.9	3.9
December 31, 2010	4.9	1.9	4.0
September 30, 2010	5.0	2.0	4.0
June 30, 2010	5.5	2.2	4.4
March 31, 2010	5.2	1.9	4.0
December 31, 2009	5.1	1.9	4.2
September 30, 2009	5.2	2.0	4.2
June 30, 2009	5.8	2.3	4.8
March 31, 2009	6.1	3.3	6.0
December 31, 2008	6.1	3.1	5.5
September 30, 2008	6.0	2.5	4.6
June 30, 2008	6.3	2.2	5.3
March 31, 2008	5.8	2.2	4.9
December 31, 2007	5.4	2.0	4.6
September 30, 2007	5.5	1.8	3.7
June 30, 2007	5.3	1.8	3.4
March 31, 2007	5.1	1.9	3.4
December 31, 2006	5.0	1.8	3.7
September 30, 2006	5.1	1.8	3.5
June 30, 2006	5.1	1.9	3.7
March 31, 2006	4.9	1.9	3.7
December 31, 2005	5.1	1.9	3.7
September 30, 2005	4.9	1.8	3.5
June 30, 2005	4.8	1.8	3.5
March 31, 2005	5.0	1.8	3.5
December 31, 2004	4.9	1.7	3.4

*Past performance is not indicative of future results.*

*The dividend yield represents the average yield of the underlying securities within the portfolio.*

**NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE**

## How to learn more about Dividend Equity Investing.

Ask your First County Bank branch manager to introduce you to our First County Advisors. Our First County Advisors will tell you more about this strategic approach to dividend equity investing and can help you decide if it is a good fit for your portfolio.

# Meet your First County Advisors



**David M. Metzgar, CFP, CTFA, Senior Vice President, Senior Trust Officer**  
203-462-4267 • [dmetzgar@firstcountybank.com](mailto:dmetzgar@firstcountybank.com)

Dave Metzgar has been with First County Bank for over 25 years. Dave manages First County Advisors, the Bank's trust and wealth management area, as Senior Trust Officer. Dave provides expert investment management, financial planning, trust administration, estate settlement, and fiduciary services. He administers trust accounts by overseeing the prudent investment of trust assets and handling distributions and tax filings.



**Paul J. Bubniak, Vice President, Trust Officer**  
203-462-4294 • [pbubniak@firstcountybank.com](mailto:pbubniak@firstcountybank.com)

Paul Bubniak has over 30 years of experience in the financial services industry, including personal and institutional investment solutions. He is responsible for First County Advisors investment management, estate, financial and retirement planning, as well as endowments, foundations and charitable/nonprofit organizations. Paul also provides trust and fiduciary services for individuals and families.



**Sandra Greer, Vice President, Trust & Investment Officer**  
203-462-4364 • [sgreer@firstcountybank.com](mailto:sgreer@firstcountybank.com)

Sandra Greer has over 30 years of industry experience in both personal and institutional investment management. She manages equity, fixed income and alternative investment portfolios for individuals, trusts, foundations and endowments. Sandra guides clients to identify financial solutions consistent with individual investment and financial objectives.



**AnnaMarie S. Boccuzzi, Vice President, Estate and Trust Officer**  
203-462-4483 • [aboccuzzi@firstcountybank.com](mailto:aboccuzzi@firstcountybank.com)

AnnaMarie has over 14 years of experience in trust administration of revocable and irrevocable trusts, rollover IRAs and investment management accounts for individuals and families. She manages trust accounts by overseeing the prudent investment of trust assets, handling beneficiary distributions, tax filings and probate court requirements. She also determines appropriate estate planning techniques to meet client objectives while considering the tax and estate consequences.



NOT FDIC INSURED	MAY LOSE VALUE NO BANK GUARANTEE
---------------------	-------------------------------------

Products and/or services offered through First County Advisors, the Wealth Management Division of First County Bank, which may include investments in stocks, bonds, mutual funds or other marketable securities, are not FDIC insured; not insured by any government agency, not a deposit or other obligation of First County Bank, not guaranteed by First County Bank, and are subject to investment risk, including the possible loss of the principal. First County Advisors does not provide investment advice, research, or recommendations when acting solely as a custodian of assets or solicit transactions in connection with accommodation trades. This is provided for informational purposes only and is not an offer to sell, a solicitation of an offer to buy, or recommendation of particular investment products or services nor is it intended to provide specific financial, legal or tax advice. Any decisions you may make or any order you may place to buy, sell or hold a security based on the information herein will not in any way be deemed to be endorsed or influenced by or attributed to First County Advisors. Past performance is not a guarantee or indicator of future performance and may not be representative of the experience of all clients. The opinions expressed in this article reflect solely the opinion(s) of the author(s) and may not reflect the opinions of First County Bank. First County Bank assumes no responsibility for the accuracy, completeness or timeliness of this information which is subject to change without notice at any time.