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CHAMPIONS OF FREEDOM AND SELF RELIANCE

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The Source for Freedom and Self-Reliant Information¹

Thomas Jefferson defined *rightful liberty* as “unobstructed action according to our will within limits drawn around us by the equal rights of others—I do not add ‘within the limits of the law,’ because law is often but the tyrant’s will, and always so when it violates the right of an individual.”

Inside This Issue

STOCK MARKET ALERT

What should you do?

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Stock Market Activity

As stated by Marc Lichtenfeld, who wrote *Get Rich With Dividends*, “on Friday night, just hours after the Dow Jones Industrial Average closed down 530 points and the S&P 500 slipped below 2,000 for the first time since January . . . **the markets are now officially in correction territory.**”

On Monday, when the markets opened, the Dow was down over 1,000 in early trading; Tuesday the Dow opened regaining 300-to-600 points during the day ending down about 200 points. As I am writing this, the Dow has gained over 300 points this morning; **who knows where the DOW and S&P 500 indexes will end today?** And, **if you have followed the recommendations in our previous newsletters, you really should not care.**

World Dominating Dividend Growers – Dividend Champions

For those of you who are investors, who have purchased the twelve great businesses that we believe should be in everyone’s portfolio and are enrolled in their respective DRIP’s, a market correction, even a significant crash, is good news. Why?

1. The dividends are being reinvested at a lower cost.
2. The stocks acquired drop in price raising their dividend yields affording you an opportunity to buy more shares of these great businesses. For example, Exxon Mobil Corp’s (XOM) stock price has dropped to around \$70 resulting in a dividend yield of 4%; Procter & Gamble’s (PG) stock price now yields about 3.7%; Wal-Mart’s (WMT) dividend yield is now close to 3%.
3. Other great businesses may become good values as the market continues its decline. For example, Lowe’s Companies (LOW) has paid and raised its dividend for 25-years, on average, by 25.8% per year. When I last looked at it, the dividend yield was a paltry 1.2%. As of yesterday, at a stock price of \$68.79, the dividend yield rose to 1.6%; still too low and overpriced. However, if this market correction continues and the dividend yield rises to 2.5%, I am a strong buyer of Lowe’s Companies.

As an investor in DRIP’s, market corrections are good for you. You either do nothing or buy more great businesses.

Speculator/Gambler Mutual Funds, ETF's, Index Funds, No-Dividend Stocks

If you put your money into anything that does not pay you a continuing and increasing cash distribution, or, if you purchase mutual funds, ETF's, Index Funds, and so-called growth stocks, which pay no dividends, you are not investing; you are speculating; you are gambling.

There is nothing wrong with speculating in the stock market unless you do not understand that that is what you are doing. If you listen to "Wall Street" and many in the financial planning community, who have been trained by "Wall Street", you will most likely believe you are a diversified investor because that is what they push, e.g., mutual funds, ETF's, Index funds, growth stocks, tech-stocks, IPO's, bond funds, ad infinitum.

For those of you reading our newsletters, you should have been using *trailing-stops* and may have already been stopped-out of your speculative positions at some nice gains. If you are not yet stopped-out, continue to watch your *trailing-stops* and follow your strategy to protect your profits.

If you have any stock mutual funds, ETF's or Index funds and have not used *trailing-stops*, and, you do not need the money anytime during the next five years, I would not sell into a down market, unless I was breakeven or better; then I would sell and buy DRIP's! It is quite possible that the market will close the year in positive territory; then again, it may not.

If Questions Remain

Please visit our website, www.jeffersoniangroup.com, and send us an email if you have any questions. We will answer your questions in our newsletters, Blog, or personally, time-permitting.

May the stock market continue its decline!

Dum spiro, spero—While I breath I hope.

Slainte mhath,

Robert G. Beard Jr., C.P.A., C.G.M.A., J.D., LL.M.
