

The Thayer's  
enjoy Spring  
and gear up  
for Summer!



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## Family<sup>+</sup> Spotlight

As the weather started to warm up, Lance took the family down to New Orleans, Louisiana for a quick weekend trip. They packed in sightseeing, a family wedding, and even a Mardi Gras parade! Abigail and Caroline had never been to a parade, and they loved catching all the beads and looking at the incredible costumes.

In March, Laine and the girls took a Spring Break trip down to Destin, Florida. They stayed on the harbor and enjoyed the sunshine, even though the

temperatures staying in the 50's and below the entire trip. The girls' favorite part was getting to meet new friends – especially the colorful ones that can fly!

As the girls finish up school, many fun activities happen to wrap up the year. Lance took Caroline to the father-daughter dance at her elementary school. She loved getting her hair done and picking out a new dress. Lance and Caroline got to snack on pizza and danced the night away!

## Homemade Whipped Cream

Ditch your whisk for this simple, tasty recipe!



### INGREDIENTS:

- 1 cup heavy cream
- 2 tbsp confectioner's sugar
- 1 tsp pure vanilla extract

### DIRECTIONS:

#### Step 1:

1. In a 1-quart glass jar with lid, combine the ingredients.
2. Secure the lid.
3. Freeze the jar for 15 minutes.

#### Step 2:

1. Take the jar out of the freezer.
2. Shake the jar continuously and vigorously until you see semisoft peaks (about 3-4 minutes).
3. Top your favorite fruit, dessert or coffee drink with the cream.

## Tips to Help You Improve your Metabolism

Having a strong metabolic rate is important for staying healthy. How efficiently your body burns calories will drive many health factors, such as how easily you stay trim. While aspects of our metabolisms are genetic, you can still take steps to boost yours. To optimize your health and improve your metabolism, follow these tips.

- **Build Muscle**

Your body is always burning calories, even when resting. On average, you will burn roughly six calories each day for every pound of muscle; meanwhile, you burn only two calories daily for each pound of fat. When you have stronger muscles, you increase your resting metabolic rate.

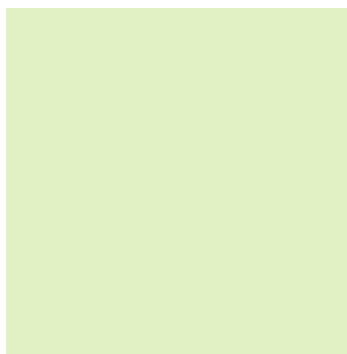
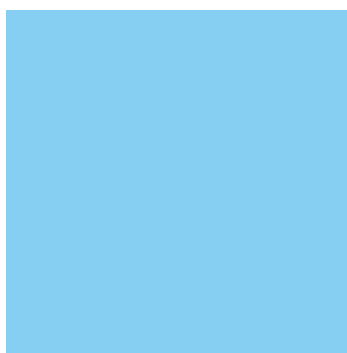
- **Drink More Water**

You need water to burn calories. And drinking more water can help you burn more calories. In fact, when you are dehydrated, your metabolic rate may even decrease. To ramp up your metabolism, increase the amount of water you drink throughout the day, especially before meals. Also, make sure to swap chips and salty snacks for fruits and vegetables, which naturally contain water.

- **Eat Spicy Food**

Hot foods, such as green chili peppers, naturally boost your metabolism with natural chemical properties. While the effect may be temporary if you sporadically eat spicy food, with prolonged, consistent consumption, you may see these benefits add up. To incorporate more spice into your diet, you can easily add fresh chili peppers or red pepper flakes to dishes like soups and pasta.

Tip courtesy of WebMD <http://www.webmd.com/diet/ss/slideshow-boost-your-metabolism>



## + The Amazing Power of Dividend Growth

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### Dividend Paying Stocks Dominate

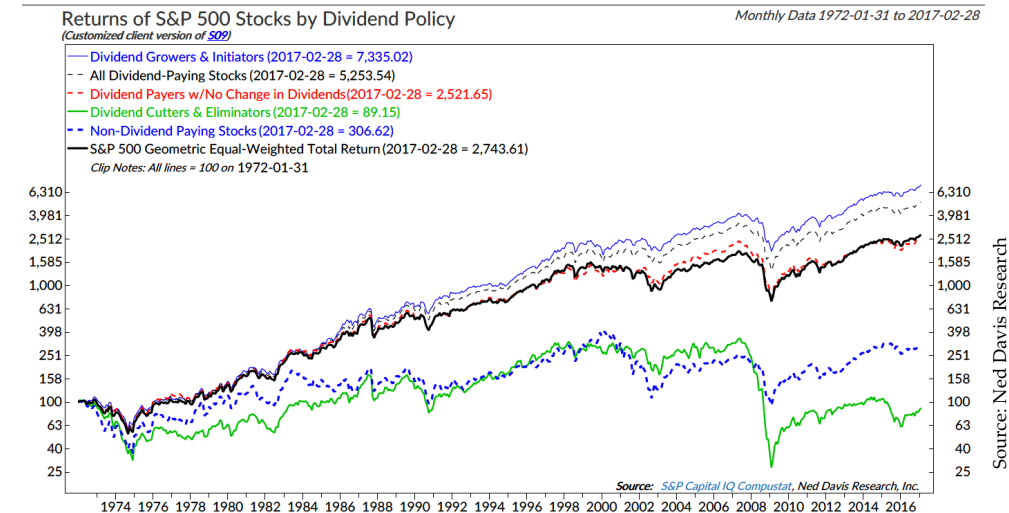
Those who own stocks that pay dividends have voiced concern over the volatility experienced over the last few months, and some have even asked if they should move out of them until things calm down a bit.

Before we discuss the merits of such a strategy, let's get a sense of why dividend-paying stocks are owned by analyzing their returns over the long run. The chart below shows the performance of S&P 500 companies since 1972, broken down by dividend payment policy:

Three very important conclusions worth noting:

**1. Dividends Matter:** Putting \$100 into those S&P 500 stocks that pay dividends consistently (black dotted line) in 1972 would be worth \$5,235 on February 28, 2017. A portfolio of stocks that did not pay dividends (blue dotted line) would only be worth \$306, or 94% less.

**2. Dividend Growth Matters More:**



Owning stocks that grew their dividends over time (solid blue line) would return \$7,335 over the same period, or 40% more than picking those stocks that paid consistent dividends (black dotted line).

**3. Cutting Dividends Stings:** Owning stocks that cut dividends (green line) would have lost \$11, which shows the risk of having the wrong stocks in a portfolio.

In an ideal world, keeping a portfolio

concentrated on the top two lines would be easy. However, it's not as simple as picking stocks that pay the highest dividend yields, so two rules should be observed before considering owning these investments.

First, investors need an active manager who knows how to avoid two risks that stocks with abnormally high yields often pose:



**1. Stock Under Pressure:** A dividend yield is calculated by taking the amount of the dividend payment and dividing it by the stock price. For example, if a stock pays \$4 in dividends each year when the stock price is \$100, then the dividend yield is 4% ( $\$4 \div \$100 = 4\%$ ). Stocks with unusually high yields are often the result of the stock price getting hit. If the stock price went from \$100 down to \$40, then the yield would increase to 10% ( $\$4 \div \$40 = 10\%$ ).

**2. Unsustainable Payouts:** Stocks that pay high yields must be carefully analyzed to ensure that the company can continue to support the dividend payment. If a company earns \$10 million this year and has committed to pay \$15 million in dividends, then management may put the financial health of the company at risk if they continue to pay.

Second, investors must have a minimum 2-year time horizon due to the inherent nature of how a dividend payment impacts a company's stock price.

When a company pays a dividend, the value of that firm falls by the amount of the dividend paid. For example, if a firm is worth \$500 million and they use cash to pay a dividend totaling \$50 million, then the resulting value of the firm is \$450 million ( $\$500 - \$50 = \$450$ ).

Since the firm now has \$50 million less in the bank, the stock price must be reduced by that amount. The key point to remember here is that shareholders do not gain or lose at the time of payment. The value lost from the decline in the stock price is equal to the amount of cash received from the dividend.

Investors must then wait for the company to rebuild that \$50 million in value by selling more goods and/or services. Over time, this cycle causes the stock price to go up and down. This behavior is perfectly normal but also means that the real benefit to owning dividend-paying stocks takes years to materialize.

### Implications for Investors

I recently attended a presentation by an equity strategist for Federated Investors, where the table below was presented to the audience:

#### Apple Computer(AAPL) vs. Altria(MO) 12/31/1982 – 12/31/2016

| Stock Ticker | Price Return | Total Return | Volatility of Returns |
|--------------|--------------|--------------|-----------------------|
| AAPL         | 21,610%      | 25,956%      | 45.5%                 |
| MO           | 11,586%      | 56,794%      | 24.7%                 |

Source: Federated Investors. Volatility is annualized standard deviation of monthly returns

This table compares the performance of Apple Computers against Altria, a cigarette company formerly known as Phillip Morris, from right around the time when Apple sold its stock to the public for the first time in the early 1980s.

The price return (second column) of both stocks has been truly amazing, but those investors who picked Apple nearly doubled what Altria generated. Given Apple changed the world more than once while Altria was busy fending off the government's efforts to put them out of business, this should come as no surprise.

However, this is only a component of an investor's total return. Imagine selling a rental income property for 20% more than what you originally paid five years later. At the time of sale, your total profit would be that 20% *plus* the income you received over the years.

The same applies here, and once we factor in the dividends, the total return of Altria is more than double what Apple has generated (third column).

Not only is the total return of Altria so much higher than Apple, its volatility is around half (fourth column). Dividends are paid by more mature companies, so their profitability is usually consistent over time. This consistency creates a smoother ride for investors.

Add it all up, and Altria has delivered twice the return with half the volatility of one of the most iconic and loved companies of all time.

This may fly in the face of recent volatility, but don't forget why we own income-generating investments. Would you throw out a good renter and sell the condo if the housing market softened?

Dividend-paying stocks will likely remain volatile as the Fed moves interest rates higher over the next year, but as long as dividends keep coming in, there is no reason to give up on a strategy that has massively outperformed nearly all other equity strategies out there.

If anything, Fed rate hikes only strengthens the case to own these stocks. Rising rates remains one of the best indications that our economy continues to strengthen, and a stronger economy means higher profitability and ultimately safer dividends.

The bottom line is that boring companies are often the most profitable investments, so resist the urge to trade in and out of dividend-paying stocks and just let them do their job.



Sincerely,

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*This commentary is not intended as investment advice or an investment recommendation. It is solely the opinion of our investment managers at the time of writing. Nothing in the commentary should be construed as a solicitation to buy or sell securities. Past performance is no indication of future performance. The author has taken reasonable care to ensure that the information is accurate. Liquid securities, such as those held within DIAS portfolios, can fall in value. Global Financial Private Capital is an SEC Registered Investment Adviser. SEC registration does not imply a certain level of skill or training.*

"You are never too old to set another goal or to dream another dream."

-C.S. Lewis

## GREEN LIVING

### Make Your Own All-Purpose Cleaner

The household cleaners we buy on the market often have unrecognizable and abrasive chemicals in them. You can minimize the amount of chemicals you interact with in your daily cleaning routines—and also reduce your expenses—by making your own household cleaners. Most of the ingredients are usually from natural resources and items you already have in your house. Here's one recipe for an all-purpose cleaner that is easy to make and can help support your green living.

<http://www.goodhousekeeping.com/home/cleaning/tips/a24885/make-at-home-cleaners/>

### All-Purpose Cleaner & Deodorizer

#### Ingredients:

4 tbsp baking soda  
1 quart warm water

1. Combine Ingredients into a bowl or glassware with lid for storage.
2. Pour solution on clean sponge or cloth.
3. Wipe clean.



### *Maximize the Health Benefits of Garlic*

Garlic is not only a great flavor to use when cooking—it also has a host of health benefits. From helping to treat high blood pressure to calming earaches and more, studies show that garlic can do a lot more for you than just making your next batch of pesto more delicious. Most of garlic's health benefits are due to the compound allicin, which activates once crushed and is garlic's defense mechanism to being "attacked." To make sure you maximize the health benefits, let your crushed or chopped garlic sit out for at least 10 minutes before cooking with it.

<http://www.webmd.com/food-recipes/features/ways-cook-garlic#1>



If you want to live a happy life, tie it to a  
goal – not to people and things.

*- Albert Einstein*

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