LCBS-2022-10-25-DividendGrowthInvestingUsingETFs.pdf

Dividend Growth Investing Using ETFs

DISCLAIMER - I am not a Financial Advisor and do not work for any Brokerage Firm. The opinions given are my own and are not to be used as professional advice. These are my findings and can hopefully help you to make informed decisions on investing. Consult a Broker or Lawyer before making any investment.

The last few articles I have written have been about how to keep from losing a lot of money in the stock market. If you failed to read that article on time to play defense in this Bear Market, please read it below before continuing:

https://lifecanbesimple.net/blog/defense-for-a-bear-market

When you feel comfortable investing again, I have found a couple of ways to simplify your investing in Dividend Growth Stocks by using ETFs. I am putting a little money into these but you still need to keep the majority of

your money in CDs and Bonds in the upcoming month. DGI investing is perhaps one of the most lucrative investment methods. DGI stands for Dividend Growth Investing. It means investing in companies that are good solid companies that have good upward growth ability but also pay dividends. The dividends on solid companies range from 3% to 8%.

What is great when the market is doing well is you not only collect the dividends to reinvest, but your stocks typically go up in price due to being a growth stock. So if you make 5% on dividends and the stock appreciates 6% in the same year, your real return is closer to 11% than just the 5%.

I read this past week that 90 percent of the money made in the stock market over the past 50 years has come from dividends on stocks. So do not ignore these. I never invested much in Dividend Growth stocks until this year, and while the market has been bad, those I purchased have not suffered equally with those that did not pay dividends. I am not saying you will never lose money on dividend stocks, but they seem to hold their value very well.

The problem is finding the RIGHT dividend stocks to buy. I have several articles in the INVESTMENTS tab showing different methods to buy stocks such as Dividend Kings and Dividend Aristocrats. Well, I have found what I believe to be an even better method to make money on Dividend Stocks.

I have found a huge number of Dividend ETFs. I had been investing in some of them already, but I now have a list of 13 ETFs. If you are unfamiliar with ETFs, they stand for Exchange Traded Funds. They normally are on a specific type of stock. Some are managed, and some are just a complete set of all stocks making up a specific category. Many of these listed ETFs are managed, meaning a manager is overseeing the purchase of specific stocks. This can be good or bad, but in Dividend Growth Stocks, I believe it is good.

If you have been purchasing Dividend Growth Stocks already, if like me, you have found it hard to decide which stocks are the best in paying a good dividend and also having a lot of upside in stock price. What I love about ETFs is it is over a huge number of stocks, so you get an average of those making up the ETF.

I expect all of these to do well when we get to the bottom of this current bear market. Some people think we are there, but I am not confident that we are there yet. As I mentioned in my Defense in a Bear Market above, to me a bottom is when we have 4 out of 5 days on an uptick in the market. So far, we have only had 2 or possibly 3 of 5 go positive. So bear in mind, I want you to purchase these for dividend growth. I put a little money in all of them so I would remember to invest in them all. I personally have a few dollars in all 13 of these.

Here is a list of the DIVIDEND GROWTH ETFs

VIG – Vanguard Dividend Appreciation ETF

SCHD – Schwab US Dividend Equity ETF

DRGO – Ishares Core Dividend Growth ETF

FVD – First Trust Value Line Dividend Index Fund

SDIV – Global X Super Dividend ETF

AMPL – Algerian MLP ETF

VNQ – Vanguard Real Estate ETF

NOBL – Pro-Shares S&P 500 Dividend Aristocrats ETF

LVHD – Legg Mason Low Volatity Dividend ETF

DHS – Wisdom Tree US High Dividend ETF

SDY – SPDY Series Trust S8P Dividend Aristocrats ETF

FDVV – Fidelity High Dividend ETF

AOA - AOA - I shares Aggressive Allocation Dividends ETF

I want to mention that AOA is an ETF over a broad range of other Dividend ETFs. This might be the safest of all these due to the large amount of diversification.

In my other articles, I have explained that ETFs are much simpler and safer than buying individual stocks as you typically have dozens of stocks (if not

100's) making up the ETF. So purchasing these might not return as much as perfectly chosen stocks, but the odds of failure is also greatly diminished.

I have owned 6 of these listed for over 2 years. I am particularly impressed with LVHD as even in these volatile market times, they have continued to show a profit. NOBL, VIG, and FDVV are also some of my long-term favorites. I feel strongly about AOA as I mentioned earlier. Another minor tip when you get ready to buy these ETFs, use limit orders and put in the order at 50 cents to $1 less than market value.

Do that on 4 of them, and if the market value dips during the day like it has, then you will buy one or 2 of them. Do the same thing the next day until you buy all you need. I put in LIMIT orders on 4 at $10 each, and most days only one triggers to buy. However, on a big down day, be aware that most likely all 4 will buy. This is a simple method to automatically net out another ½ to 1 percent on your investments. Not crucial long-term, but every dollar saved is another dollar you can invest.

So when we get to the bottom of this bear market, seriously consider using this method to get rolling in Dividend Growth Investing. I think it has the most potential of the varying methods available to investors. For now, my new money is going into CDs and I-Bonds.

I read an article this week stating that I-bonds will drop to 6.8% on November 1st. So if you buy before end of October with yield of 9.62% for next six months, that means your second six months will be 6.8% still allowing a full year percentage above 8% which is super return. With inflation raging and 30 year Treasury bills going higher in rate, I am eager to hear why the rate dropped so much.

Article on I-Bonds:

https://lifecanbesimple.net/blog/best-investment-for-end-of-2022

List of All Minimalism Articles https://lifecanbesimple.net/minimalism.html

www.lifecanbesimple.net
http://www.InternetDirect.us
Internet Direct Laptops