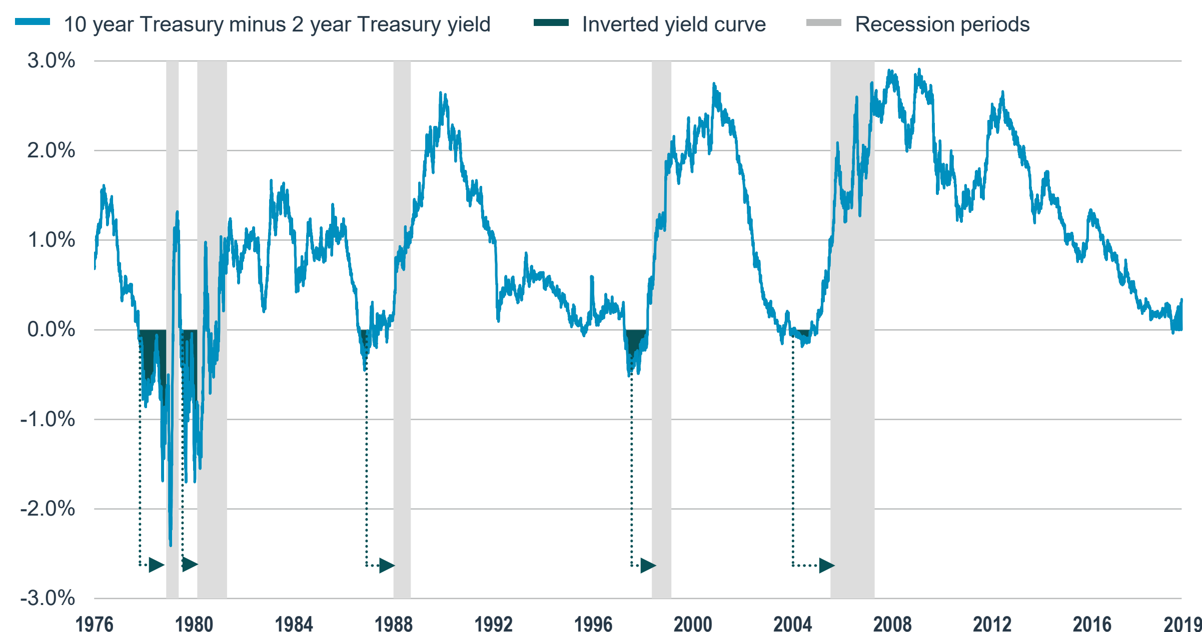
SANTA BARBARA
from nuveen

What an inverted yield has meant to equity investors

Historically, dividend growers have outperformed when the yield curve has inverted, as well as during subsequent recessions.



When the yield curve inverted

17 months on average until a recession begins

Average cumulative return from inversion to recession

20.3% Dividend growers
14.6% S&P 500® Index
3.8% Non-dividend payers

Subsequent recession

11 months on average length of a recession

Average cumulative return during recession

-5.5% Dividend growers
-9.3% S&P 500® Index
-21.4% Non-dividend payers

Dividend growers include S&P 500 Index stocks that raised their dividend or initiated a new dividend during the preceding 12 months.
The performance does not represent the past performance of any Santa Barbara strategy and does not predict the future performance of any Santa Barbara strategy.

Data Source: Santa Barbara Asset Management analysis of the Federal Reserve Bank of St. Louis, National Bureau of Economic Research and Ned Davis Research, Inc., 1 Jun 1976 – 31 Dec 2019, earliest data available. **Past performance is no guarantee of future results.** The average total return performance of each group and the S&P 500 Index are based on equal-weighted geometric average, computed monthly. Each stock's dividend policy is determined on a rolling 12-month basis. A stock is reclassified only if its dividend policies change. The returns do not reflect the deduction of any fees, expenses or taxes that would reduce the performance in an actual client portfolio. Returns for stocks that paid dividends assume reinvestment of all income. Performance returns may have been negative during this time period. An inverted yield curve is an interest rate environment in which long-term debt instruments have a lower yield than short-term debt instruments of the same credit quality. A recession is defined as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure the performance of the broad domestic economy. Investors cannot invest directly in an index.

RISKS AND OTHER IMPORTANT CONSIDERATIONS

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investors objectives and circumstances and in consultation with his or her advisors.

There are risks inherent in any investment, including the possible loss of principal, and there is no assurance that any asset class or index will provide positive performance over time. Equity investments are subject to market risk or the risk that stocks will decline in response to such factors as adverse company news or industry developments or a general economic decline. Different benchmarks, economic periods, methodologies and market conditions will produce different results. Dividend yield is one component of performance and should not be the only consideration for investment. Dividends are not guaranteed and will fluctuate.

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