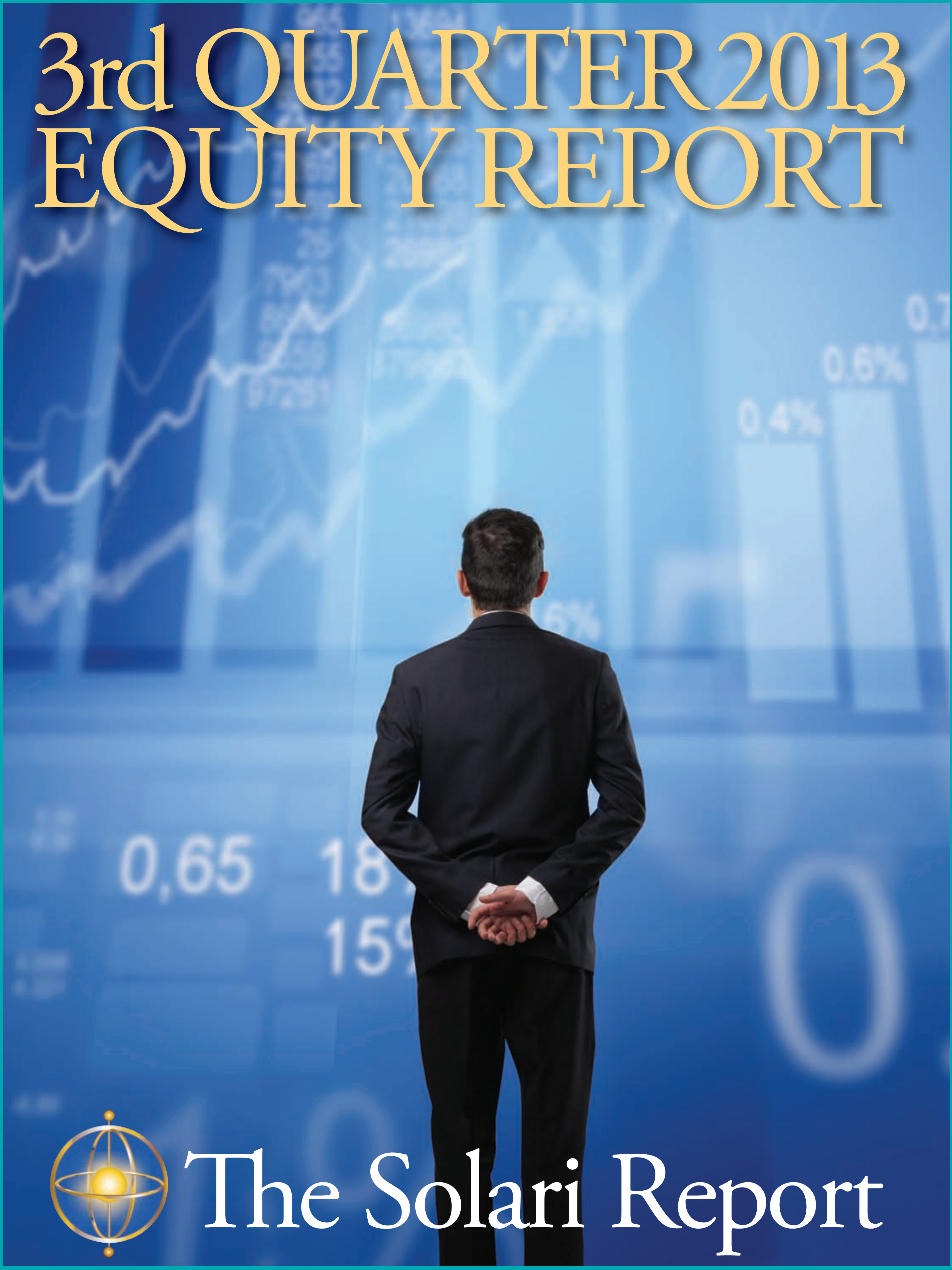
3rd QUARTER 2013 EQUITY REPORT



The Solari Report

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Equity Overview with Chuck Gibson:
Secular Trends in the US Equity Markets
Date: July 18, 2013

INTRODUCTION

Catherine Austin Fitts: Welcome to the *Solari Report.* It's time for one of my favorite *Solari Reports*, the Quarterly Equity Overview. Joining me today, I would like to introduce Chuck Gibson and his colleague Melanie Pelayo. Chuck is the managing member of *Financial Perspectives* in Pleasanton, California and partner in *Sea Lane Advisory.* Welcome, Chuck and Melanie.

Let me take you back over the past two quarters. At the beginning of the year, Chuck led us through a fascinating discussion on secular trends in the equity markets. And one of the things we discussed was the possibility of what is sometimes called a *sideways market* and how to approach investment during a period like that. I really encourage you, if you haven't already, to take a look at the transcript for that report.

In our second quarter report, we talked about how we've been in a long-term bull market in bonds for many years – actually for many decades. As a result, bond investors have been rewarded with interest rates coming down. And, if you look at where interest rates are now, it's difficult to imagine that this will continue. We talked about the importance, and the likelihood, of shifts into the equity market. And that certainly appears to be what we've seen so far this year.

I encourage all of you to review those two discussions. They have terrific transcripts and Chuck always does a wonderful job of preparing lots of slides.

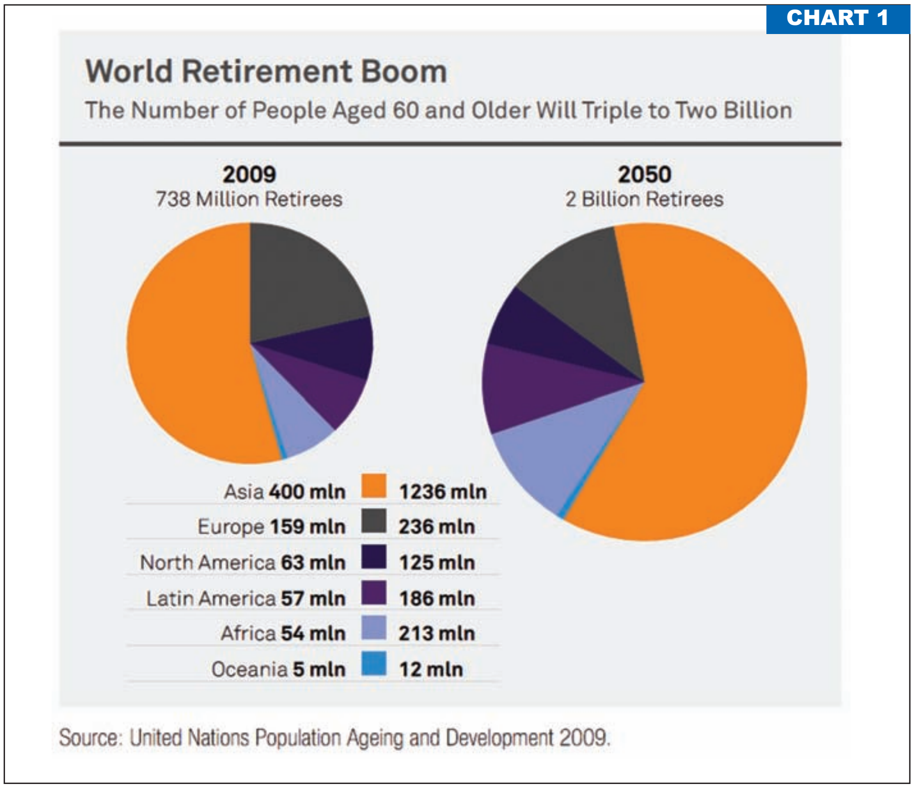
Now, the next logical discussion is the one we're about to have today: *Why Dividends Matter.* If you look at what Chuck said in the last two quarterly reviews, we're coming to a place where dividends will be an important part of equity portfolios and investment strategy.

So, take us through it, Chuck. *Why do dividends matter?*

Chuck Gibson: In order to put a framework on this, I've broken it out into two sections. In the first section, we're going to look at the world we live in today from an *investment perspective.* In the second section, we'll look at dividends and the history of dividends.

Chuck Gibson

Part One: Today's World



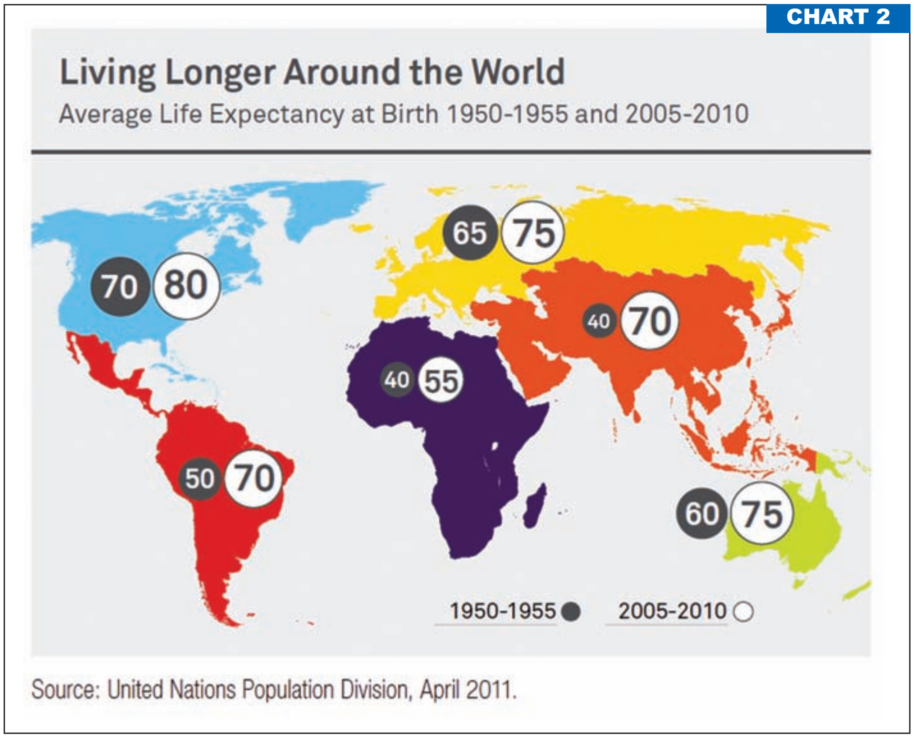
I'll call the first section *Today's World*. In our first graphic, we see a study undertaken by the United Nations depicting how the global population over the age of 60 will *triple* by the year 2050. At that time, this group will total over 2 billion people worldwide. What I find most interesting is that the largest percentage increase is estimated to be in Africa, where this group will triple in size. Africa is followed by Europe which is followed by North America...which will only double.

The largest percentage increase will be in Africa.

Catherine: And the largest group of retirees will be in Asia. I find this chart fascinating. Basically, it says you're going to have 2 billion people on this planet who need a steady income. And we've been beaten up to believe that the problem is just going to be in North America and Europe. But that's not the case. This is going to be a global issue and it's certainly going to be one that Asia is going to experience.

Chuck: Yes. It ties back to the discussion we had last quarter regarding how little exposure people outside the United States have to equities. That's going to be part of this discussion.

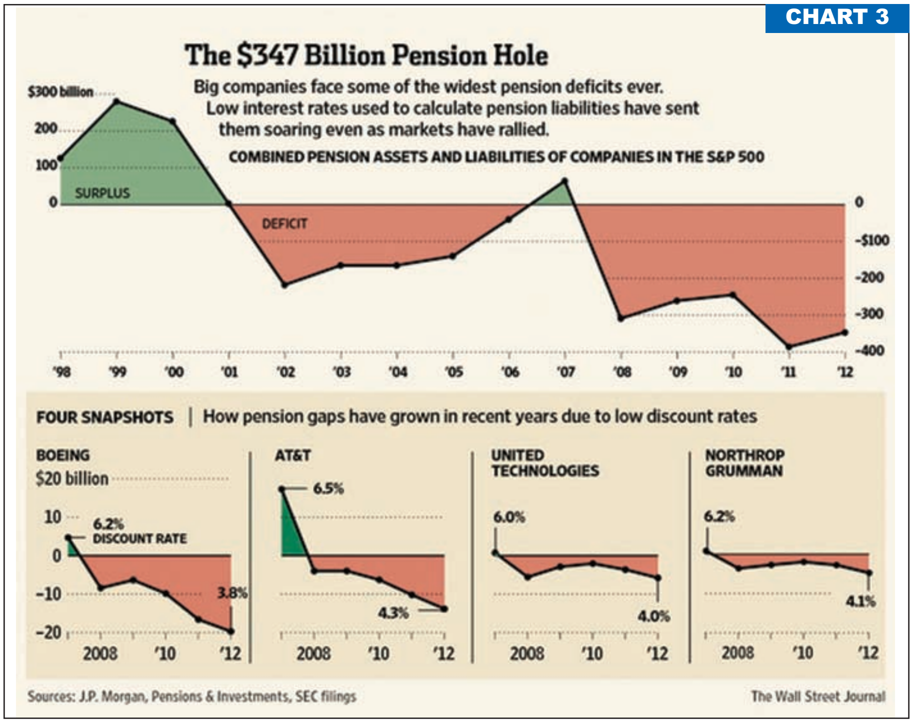
Catherine: How are these people going to get that steady income, especially if the bull market in bonds is over?



Chuck Gibson: Let's look at chart number two. Here, we see part of the study from the previous chart. The numbers within the gray circle are the life-expectancy of the continent at the start of the 1950's. And the numbers in the white circles are the life-expectancy at the end of the last decade. You can see that every continent has been increasing their life expectancy. But, the most striking change was going from age 40 to age 70 in Asia...where the world's largest population is.

Catherine: It's amazing. Forty to seventy! When I was a young person, I always heard that you wanted to be young in America, middle-aged in Europe, and old in China. But that's about to change.

The most striking change was going from age 40 to age 70 in Asia...where the world's largest population is.



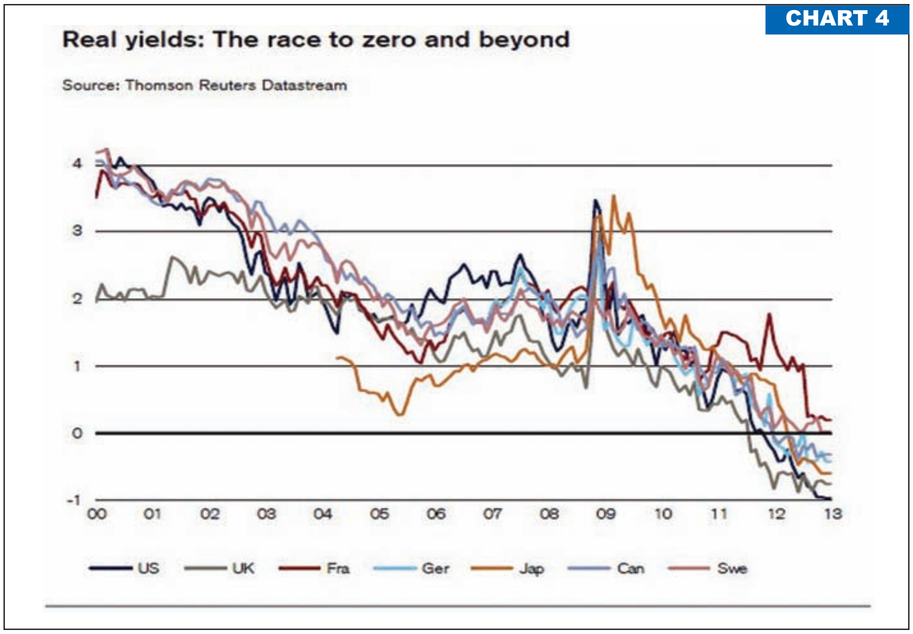
Chuck Gibson: Now, in chart number 3 you see America's *pension hole.* In today's world, where we have fixed income investments that really provide *negative real returns,* the impact to pension funds, insurers, and endowments has been substantial. It's critical that these institutions find a way to match their regular annual benefit liabilities without reducing their asset base. They must do that in order to meet long term commitments.

What you see here is the problem corporate America is facing. This is a snapshot of America's hole, the pension hole, which is assets minus liabilities. And that's from 1998 to the end of last year (for companies that have participated in this study). We can see that the gap has continued to grow. It started with a $300 billion dollar surplus. And, as of the end of last year, it is now a $300 billion dollar *deficit.*

So, in order to meet long-term commitments, the corporations only have two choices. They can cut benefits or they can find a way to supplement returns in asset growth.

Catherine: Many of us think that lower interest rates are great because mortgage rates are lower and the government doesn't have to pay more money to finance the deficit. But, lower rates also mean pension funds and savers aren't getting the yields they'll need to finance retirements.

Chuck Gibson: That's right and the next chart shows this. This is what fixed income investments around the world are currently facing. This chart shows sovereign bond yields around the world (this is a year-end snapshot for



2012). We can see that most of these yields are at record lows. It's important to remember that when I say *real* bond yields, I mean nominal yield minus inflation

Catherine: Right.

Chuck: In this chart, bond yields are represented by the Y-axis and the calendar year is represented by the X-axis. Notice that all but one country had real yields that were *less than zero* at the time of the study (2012). And that country was France. France had the only positive yield...and it was only a *quarter of a percent.*

Catherine: So, essentially, people are putting money in a financial asset and getting nothing in return.

Chuck: That's correct.

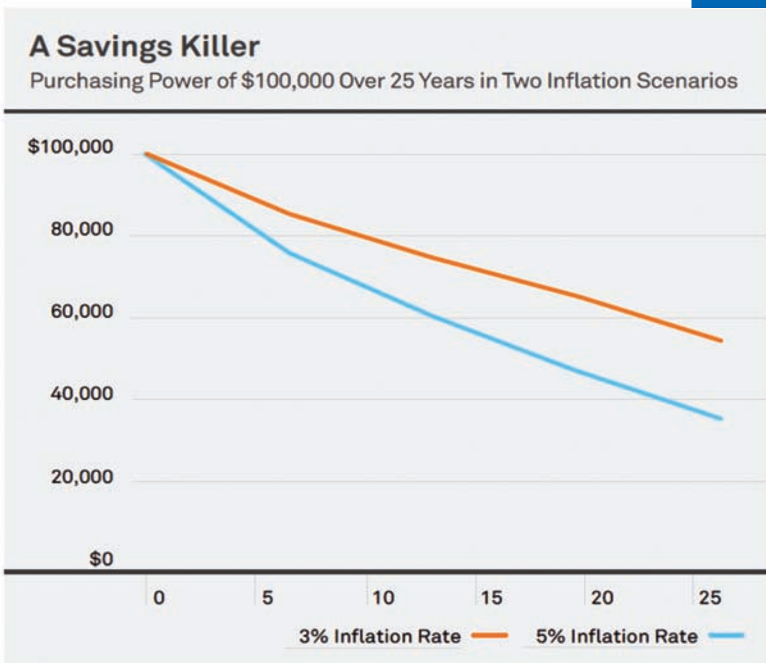
Catherine: And every time I can't fathom rates going lower, they go lower. But this time, I *really* can't fathom rates going much lower.

Chuck: You know, a few years ago I would have said that there was no way they could go below zero. But, once again I've been proven wrong.

The last chart in this section is our inflation chart. We're all familiar with inflation, but I thought it would help to show a visual so that everyone sees the kind of impact it can have. Once again, the Y-axis represents purchasing power and the X-axis represents time in years. In this case, we're looking at a 25-year period.

A few years ago I would have said that there was no way they could go below zero. But, once again I've been proven wrong.

CHART 5



Source: BlackRock.

The orange line represents 3% inflation and the blue line represents 5% inflation. As you can see, under both scenarios we start with $100,000 at the time "0." As you move along in time, you can see how inflation affects your buying capabilities. And, as you would expect, the lower the inflation rate, the less impact it has on buying power. So, in the example of a 5% inflation rate over a 25-year period, which is a reasonable estimate for a retirement lifetime, inflation would reduce your nest egg by almost 70%.

Catherine: If you go back to the chart you showed us on pension funds, this is essentially what's contributing to the deficit in pension funds. They're putting money into (among other things) bonds, and the yields are going down to almost nothing. But in the meantime, inflation is eating away at the value of the benefits. So they're ending up with deficits.

Chuck: Absolutely. And something has to change. Otherwise, as I said, we'll either have to reduce benefits or find some way to supplement the deficits.

Catherine: Things are coming to a head.

Chuck: Yes, but we've been saying that for how long now? It's taken a lot longer than expected.

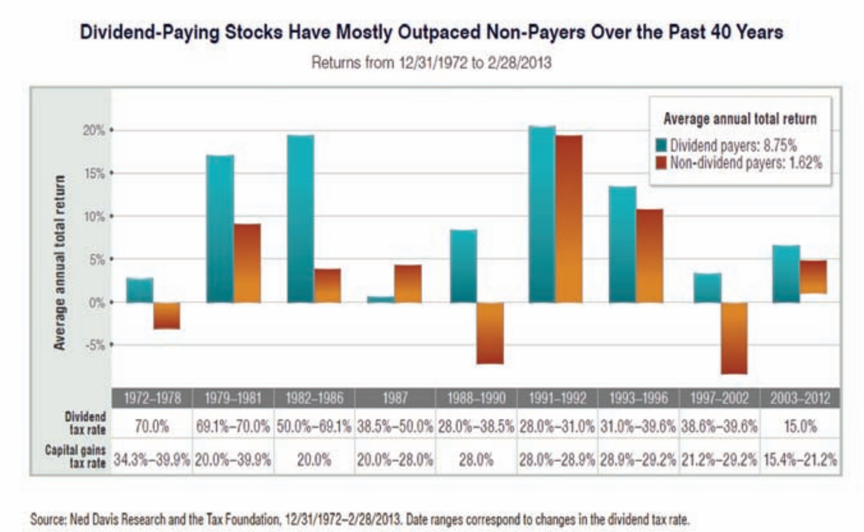
Catherine: Yes.

Chuck: All right. Let's move into our second section: *a dividend history lesson.*

Catherine: Okay.

Part Two: A Dividend History Lesson

CHART 6



Chuck: Let's look at chart number six, which is probably one of my favorite charts. It shows us that since 1972 – in every period except one – dividend-paying stocks have out-performed their non-dividend paying brethren. So, when you're looking at total return, remember that it is capital appreciation.

Catherine: I find this to be one of the most instructive charts you've ever shown me. That's because our recent experience was defined by the 90's (plus the tech bubble) where you really made money out of *capital gains.* But when you look at this chart, you say "Wait a minute – dividends are far more important than I realized." So this chart is very instructive.

Chuck: Two quarters ago, we talked about the secular bulls and the bears. Today, we're in a period that's similar to the 1960's through the 1980's where you started off at one level on the stock indexes and ten years later you ended at the exact same level.

Catherine: Having gone back and forth in the sideways market.

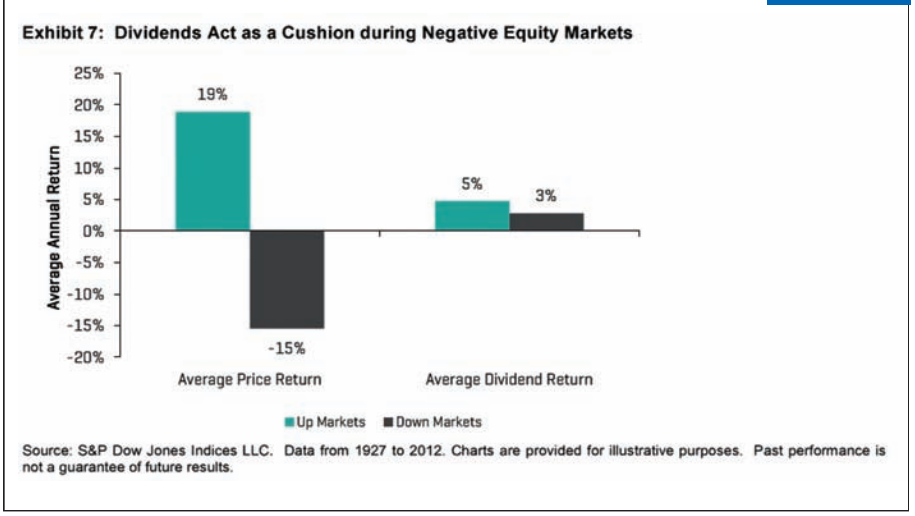
Chuck: So the only way you can make money in that kind of environment is through dividends.

Catherine: And the tax rate on dividends was much higher then than it is today. That's amazing.

Chuck: Chart number seven shows another benefit of dividend-paying stocks. You can see that during bear markets – and we know they're in our future – dividends act as a cushion against potential capital losses. This graph

Two quarters ago, we talked about the secular bulls and the bears.

CHART 7



shows the average total return for dividend-paying stocks in the years 1927 through 2012. And this is during up markets. We see a 24% gain: 19% from price capital appreciation and 5% from dividends. Now, during average *bear markets*, the total return was a 12% loss. But of that loss, 15% was attributed to the share price losses and 3% was offset by dividends. Clearly, this illustrates that the dividend cushion helps during bear markets.

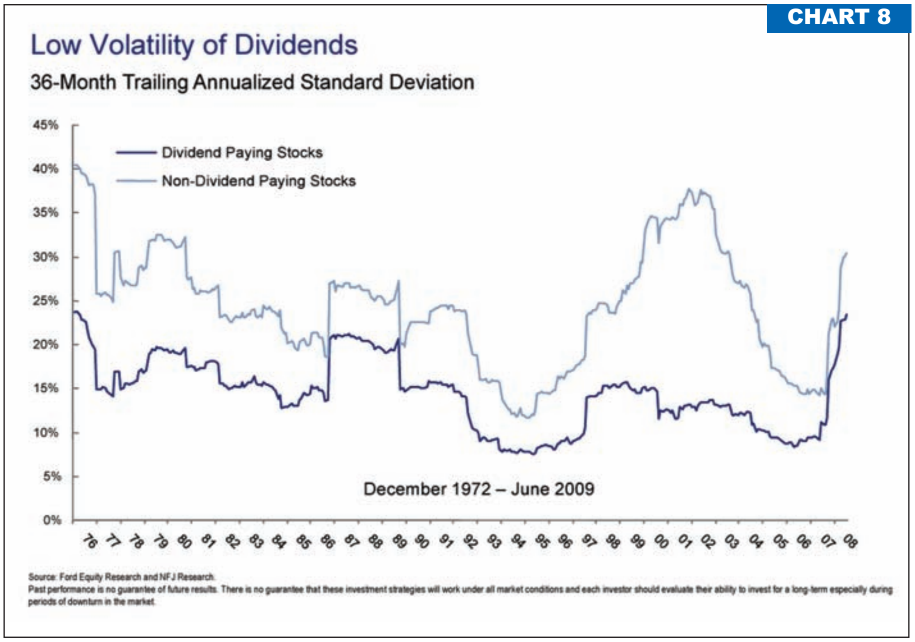
Catherine: Right.

Chuck: Another advantage for dividend-paying stocks is that they are *less volatile.* This chart shows a three-year, smooth standard deviation of the movement of dividend paying stocks versus non-dividend-paying stocks. The dividend-paying stocks are in dark blue and the non-dividend-payers are in light blue. As you can see, the lighter blue is substantially above the dark blue line. This shows that through all periods in time, dividend-paying stocks have always been less volatile. And, one thing we definitely know is that retirees need an income stream. But many of these people are sensitive to market movements and to fears of price-depreciation through normal bear markets.

Catherine: Right.

Chuck: Again, this helps to cushion some of that. My next chart shows the number of companies with dividends greater than corporate bond deals. Again, this graphic shows the number of stocks since 1999 with dividends above corporate bond yields. You can see that they continue to trend upwards. Now, I'm not sure whether this is a reflection of the fact that corporate bond yields have fallen or that dividend yields are rising. It could be a combination of the two and I have a feeling that it is. But the fact is that there are alternatives to fixed income investments.

The dividend cushion helps during bear markets.



Catherine: You wonder, and we've seen a number of reports on this recently, how much of the growth in earnings and stock buy-backs has come from corporations taking advantage of lower interest rates on bonds. They're basically re-engineering their balance sheets. So part of what I'm wondering is, can they keep these kinds of earnings and dividends going when they don't have that bond market behind them?

Chuck: It will be interesting to see whether or not they can. But, that is definitely something to be concerned about.

Catherine: I remember being on Wall Street in 1980 and one of my partners remarked that if the prime rate ever hit 20%, we'd become a "banana republic." When the prime rate hit 21% a month later I said, "Well, here we are." And, indeed, here we are!

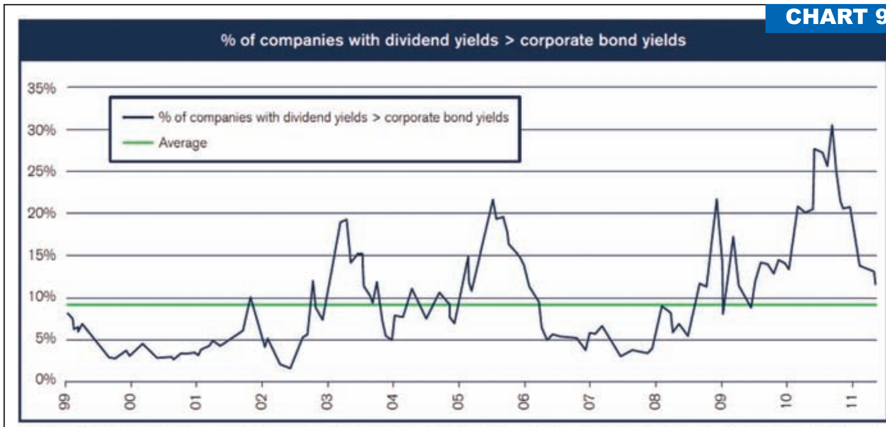
Chuck: Yes, look at where we are today. Melanie's laughing because she never had to experience that.

Catherine: But she will. And you will. It will come.

Chuck: Our next chart illustrates the importance of dividends. It's just a simple chart and it doesn't go back through time. But it's a snapshot of the S&P 500 since 1970 through the first quarter of this year. You can see that the dividends for this period have contributed 74% of the total return, while capital appreciation has made up just 26%.

Catherine: *That's unbelievable.* I want you to say that again, because this one stunned me.

CHART 9



Source: Goldman Sachs Global ECS Research, Datastream as of 6/1/11. Past performance is not an indicator of future results. The intent of this chart is to compare the historical relationship between dividend yields and yields offered by corporate bonds. The chart illustrates that the percentage of stocks with dividend yields greater than corporate bonds is high relative to the historical averages. It is important to note that the value of equity investments are more volatile than corporate bonds and are exposed to additional risks. It is important to note that dividend payments are not guaranteed.

Chuck: In this period only, dividends have contributed 74% of the total return while capital appreciation has made up 26%. And I should note here that dividends have not had this much impact in all periods in history.

Catherine: Right.

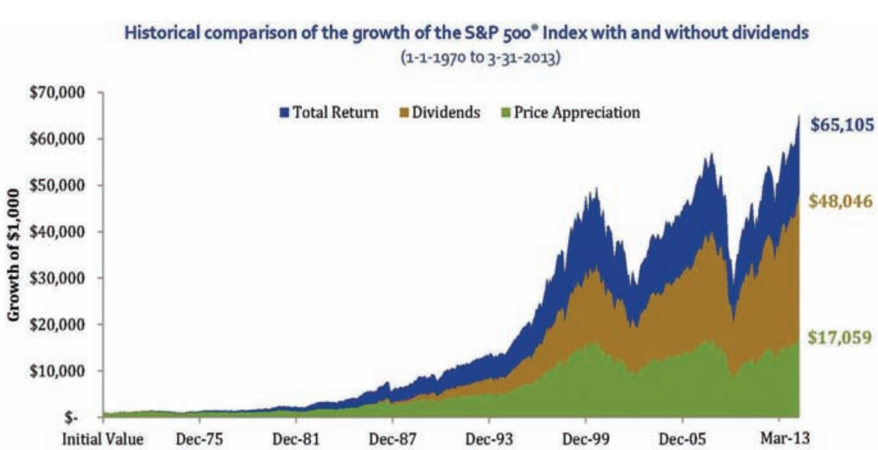
Chuck: I don't want people to draw the wrong conclusion. But, if you look at the same data over a longer period of time – since 1929 – dividends have contributed about 44% of the total return.

Catherine: I'm surprised that it's more during the current period. Because I would have expected this to be much more of a capital gains period than 1929 to the present. So, that surprises me.

Chuck: Yes, logically, that raised a flag for me, too.

Catherine: Now one of the things I want to mention is that we've focused on U.S. equity markets. We're going to talk a little bit about international and foreign markets. Unfortunately, there aren't many indices and if they are

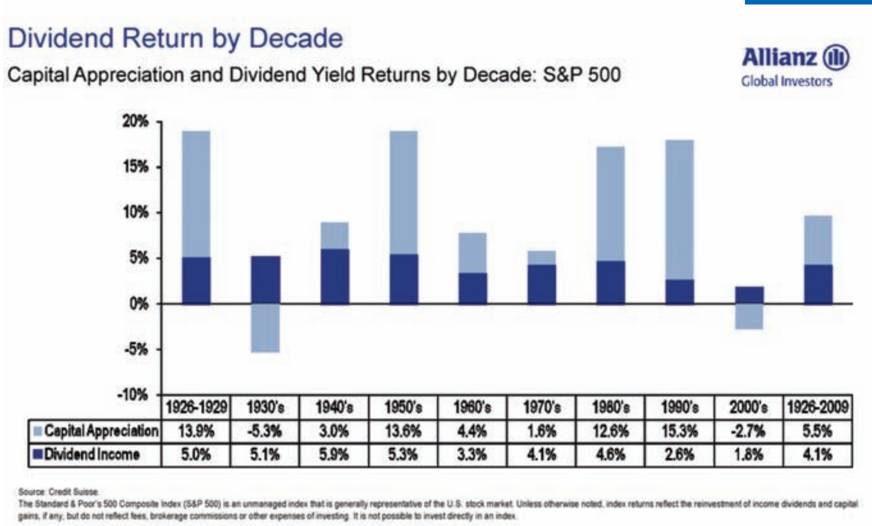
CHART 10



available, they go back for very short periods of time. So it would be great to do that, but the reason why we'll continue to focus on the S&P 500 is because the data is available.

Chuck: Yes, it would be great to be able to look back on the other markets.

CHART 11



	1926-1929	1930's	1940's	1950's	1960's	1970's	1980's	1990's	2000's	1926-2009
Capital Appreciation	13.9%	-5.3%	3.0%	13.6%	4.4%	1.6%	12.6%	15.3%	-2.7%	5.5%
Dividend Income	5.0%	5.1%	5.9%	5.3%	3.3%	4.1%	4.6%	2.6%	1.8%	4.1%

Let's take a look at chart number 11. We were talking about how much dividends have contributed over time and this is a break-out by decade. You can see that the worst return was in the decade we just completed, the years 2000 through 2010.

Catherine: Right.

Chuck: The S&P lost a total of nine-tenths of 1%. And I found it really interesting that during the decade of the Great Depression we actually lost *less than that*, which was two-tenths of 1%.

Catherine: To me, it's even worse, because you had greater inflation during the 2000 to 2010 period. So, if you look at this in *real terms,* the loss is even greater now.

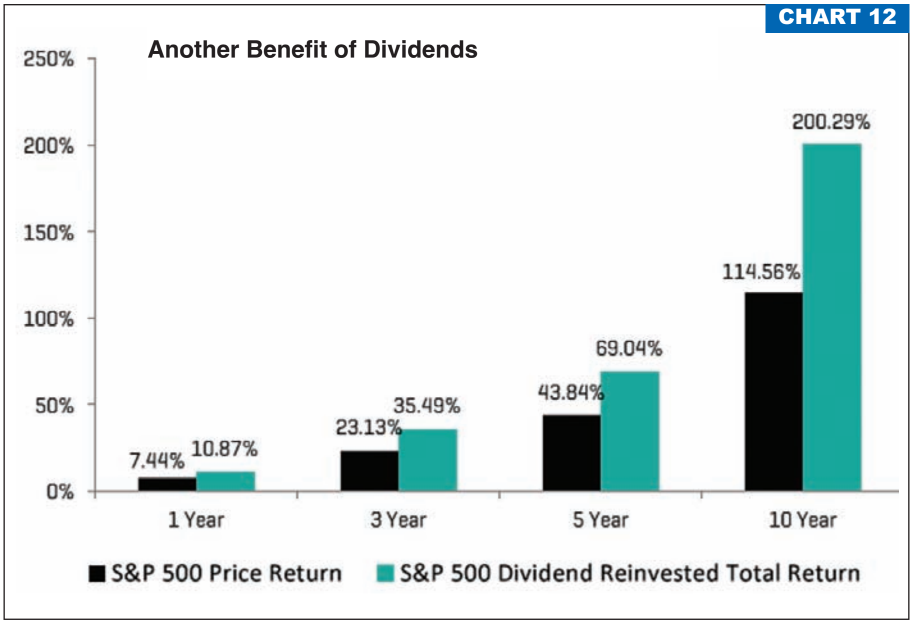
Chuck: That's why this was stunning to me. I didn't even look at it in that way, but there is definitely something really odd about this.

Catherine: Well, you know the U.S. equity markets have been gangbusters in the last six to nine months. But, you can see why a lot of people are still reticent.

Chuck: Absolutely. And here's another point: the actual dividend yields during the Great Depression were about three times higher than they were during the last decade.

Catherine: What I want to know is, who were the companies that had that kind of cash flow?

The actual dividend yields during the Great Depression were about three times higher than they were during the last decade.



Chuck: Here's my final chart. This one shows another benefit of dividends. We've been focusing on retirees or on people who need an income stream. I just wanted to spread this a little bit wider and point out that dividend-paying stocks are beneficial to investors who *aren't* simply looking for income.

In this chart, the black bars represent the S&P return and the blue bars represent returns when the dividends were reinvested. You can see that the *compounding effect* is very impressive because the dividend reinvestment portfolio was 175% greater during the same period.

Catherine: Right.

Chuck: So if you don't take those dividends out, your portfolio is going to be growing that much larger.

Catherine: Right. It's really the magic of compound interest. One of the things I've seen in the last decade has been a lot of investors going abroad for dividends. You know, we've gone through a period where the emerging markets can offer much higher yields than the more *mature* countries. But, investors don't anticipate the volatility of those dividends when they first go in given the swings in currencies.

Chuck: Yes.

Catherine: For example, let's say you have a New Zealand stock and the Kiwi dollar is swinging 50% against the U.S. dollar. If it moves the right way, it can get glorious. But your dividends can absolutely get slaughtered going the other way. So, it is a very different kettle of fish having dividends in the currency you're operating in versus a foreign currency. And, of course, many of


We've been focusing on retirees or on people who need an income stream.

those dividends abroad can be special dividends, not steady, consistent dividends.

Chuck: Yes.

Catherine: So it can be a bit of a wild thing when you go into the emerging markets.

Chuck: It's also a matter of setting expectations. You're investing over a longer period of time and there is a probability that you're going to see swings: a strengthening dollar, stocks in a weakening currency, etc. Until people actually go through this, you have to warn them and get them prepared for it.

Catherine: And when someone cuts their dividend, we've seen that the market can react very negatively.

Chuck: Yes. Many people buy dividend-paying stocks and as soon as you do that, people no longer have the incentive to hang onto them. So, the possibility of a mass exodus exists.

Catherine: One of the things I've found most interesting about your research is the idea that it's much more important to invest in companies which are *steadily growing their dividends* than in companies with the highest dividend yields.

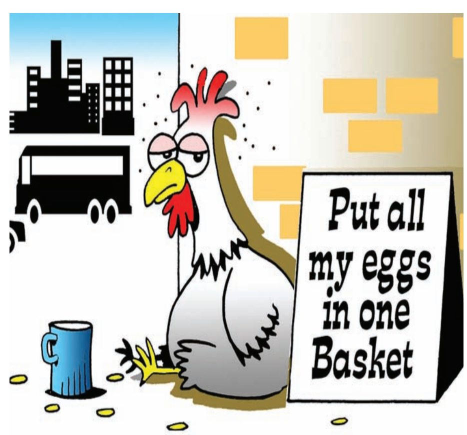
Chuck: I haven't touched on that yet, but I'm glad you brought it up. Some of the people who invest their own money look for companies with the largest dividends. And they look for this because they want *current income.* But, they should really be focusing on companies with a history of paying dividends and *increasing* dividends. Over time, these companies will perform better than those with the highest yields.

Catherine: Well, from everything you've presented here, it seems that the pressure to maintain and grow dividends will certainly increase – whether that pressure comes from retirees or from pension funds. And if you can't find this income in the bond market, where are you going to get it?

Chuck: Especially with the period we're going through right now. I don't know what it's going to be like when this report airs, but we're seeing rising interest rates and bond positions have been hammered recently. So, in addition to getting relatively weak yields, people now have to worry about the downside on bond prices. We talked about this in the last quarter.

Catherine: Right.

Chuck: I just didn't think it was going to happen so soon. *[Laughter]*



Catherine: Well, we don't know. It might just have just been a *taper tantrum.*

Before we turn to taxes, I want to underscore the difference between managing your investments with respect to current yield versus absolute return. What we're talking about here is the contribution of dividends to the best possible absolute return. And, we're not necessarily encouraging people to invest simply to get current income. Maybe you could speak about the difference between the two.

Chuck: Well, that's how we invest our clients' money. And while dividends do matter – we know that – we don't know what we'll be facing in the future. So, you want to make sure that you manage your portfolio based on both components of total return, which is capital appreciation plus dividends.

Catherine: Right.

Chuck: So we're not focusing solely on dividends right now because capital appreciation is an important part of the picture. That's why people normally buy stocks. You know, "I want to own the next Google" or whatever that happens to be.

Catherine: What has impressed me most is what you've said about the contribution of dividends to protecting the value of principle in *volatile markets* and in *sideways markets.*

Of course, one of the most important things we know about dividends is whether or not the government lets us *keep our money.* So, Melanie Pelayo is going to join us now to talk about tax policies on dividends. Welcome, Mel.

Melanie Pelayo: Hello. I want to give a little bit of a perspective on dividend tax policy looking back historically, then at the current environment, and then going forward into the future.

In the last 30 years, for the most part, dividends were taxed as ordinary income. That meant they were taxed at whatever the highest income bracket was at that point in time. In the 1980's, the highest bracket was 70%.

Catherine: Whew!

Melanie: So, most of the income from dividends was going back to the government.

Catherine: Right.

Melanie: About a decade ago, President George W. Bush actually made tax policy much more favorable with respect to dividends. This ushered in an era where the highest tax rate for dividends was 15%.

Catherine: Right.

Melanie Pelayo

Melanie: So we lived with that for about a decade. And then we came up to the current environment where, at the beginning of 2013, we saw a number of tax policy changes in the *American Taxpayers Act of 2012.*

Catherine: Right.

CHART 13

Table 1. Income Levels and the Tax Liability of Investors

Marginal Ordinary Income Tax Rate	Taxable Income		Qualified Dividend Income and Long-Term Capital Gains					
			LT Capital Gains Rate		Modified Adjusted Gross Income		Medicare Surcharge	All-In Rate
	Unmarried	Married			Unmarried	Married		
10%	Not over $8,925	Not over $17,850	0%	AND	Under $200,000	Under $250,000	0.0%	0.0%
15%	$8,926-36,250	$17,851-72,500	0%	AND	Under $200,000	Under $250,000	0.0%	0.0%
25%	$36,251-87,850	$72,501-146,400	15%	AND	Under $200,000	Under $250,000	0.0%	15.0%
28%	$87,851-183,250	$146,401-223,050	15%	AND	Under $200,000	Under $250,000	0.0%	15.0%
33%	$183,251-398,350	$223,051-398,350	15%	AND	Over $200,000	Over $250,000	3.8%	18.8%
35%	$398,351-400,000	$398,351-450,000	15%	AND	Over $200,000	Over $250,000	3.8%	18.8%
39.6%	Over $400,000	Over $450,000	20%	AND	Over $200,000	Over $250,000	3.8%	23.8%

Source: Internal Revenue Code Sections 1(h), 1411 and Rev. Proc. 2013-15.

Melanie: If you look at chart 13, it's a table showing our current tax brackets, both on the marginal side and what you would be paying for dividends and capital gains rates.

Catherine: Right.

Melanie: The big change that came was actually the last row of that table, which is the added 39.6 percent marginal tax bracket. So high income earners are very effected – not only is their maximum marginal tax higher, but as you see they are also subject to a higher dividend and capital gains rate.

Catherine: Right.

Melanie: We added a 20% top rate for dividends and capital gains taxes.

Catherine: And, of course, this is just federal.

Melanie: That's right, it doesn't apply to any states. Some states have changed the laws, but in most cases they actually follow federal law.

Catherine: Right.

Melanie: That's something to take into consideration, as well. Now, many people think that 20% is the highest rate they'll be taxed on with respect to dividends. But, that's actually not true. Because in conjunction with increasing the last marginal rate by 20%, the *Healthcare Act* added a Medicare surcharge.

Catherine: Right.

Melanie: So for individuals earning over $200,000 or married couples filing jointly and earning over $250,000, there is a 3.8% surcharge on investment income. When you include that in the 20% rate, the top rate you would pay for qualified dividends, especially if you're in the top marginal bracket, is 23.8%.

Catherine: Right.

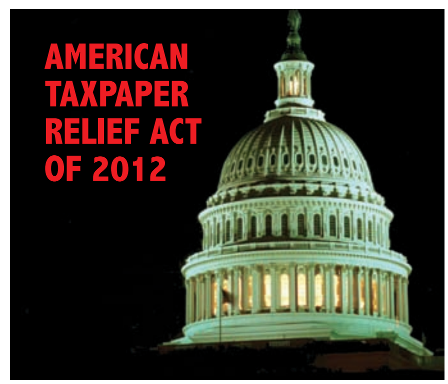
Melanie: Although this is still favorable in comparison to what we used to pay with ordinary income taxes, it's less favorable than tax rates prior to this year.

Catherine: Right. It's chipping away.

Melanie: Exactly.

Catherine: Now, if you're a non-U.S. citizen buying U.S. equities or if you're a U.S. citizen buying *foreign* equities, there can be dividend tax withholdings all around the world. And these can get quite complicated. So, if you're buying equities in another jurisdiction, you'll want to make sure that you have the proper tax advice. Because you can really get surprised on dividend taxes.

Melanie: This is the environment that we're in now. It's still favorable, but less favorable than it was last year. Going forward, of course, the *American Taxpayers Act* did make this permanent because there was no sunset provision within the act. And this is what we saw with the previous economic reform acts in 2003 and 2008.



Catherine: Right.

Melanie: So, at this point in time, and until the government says otherwise, the highest rate we would pay for qualified dividends is 23.8%.

Of course, this is subject to change because when you look at chart number 14, it shows that the CBO and the Joint Commission on Taxation calculated

CHART 14

Budget Impact of 10 Largest Individual Tax Breaks

Item	2013 Impact (in $billions)
Employer Health Insurance	248
Tax Rates on Capital Gains and Dividends	161
Retirement Account Contributions and Earnings	137
State and Local Taxes	77
Mortgage Interest	70
Earned Income Tax Credit	61
Child Tax Credit	57
Capital Gains Excluded from Estate Taxes	43
Charitable Contributions	39
Social Security and Railroad Retirement Benefits	33
Total of Top 10 Items	926

Source: Congressional Budget Office, Joint Committee on Taxation that the second largest individual tax break to impact the budget with a *reduction in revenue* is the dividends and capital gains tax. So, the "favorable rate" they are charging on this type of income is projected to reduce tax revenues by $161 billion.

Catherine: Let me explain what that means. If I'm the Congress or the congressional staff and I have a deficit and I want to *cut* that deficit, the fastest way to do this would be to cut these tax breaks.

Melanie: Yes.

Catherine: So, if I cut employer health insurance, I can save $248 billion on the deficit. But after that, if I cut tax rates on capital gains and dividends, *voila.*

Melanie: Exactly.

So right now we have a 23.8% tax rate. And going forward…

Catherine: Who knows?

Melanie: So, that's an overall tax view with respect to dividends.

Catherine: You know, I think the frustrating thing is that whenever taxes go up, I don't know which is worse: paying the higher tax or trying to understand what the rules are. Which is why we so appreciate your being with us, Melanie.

I think I know what subscribers are thinking right now: What do I do next? Where do I go? If I want to educate myself about dividend paying stocks, where can I get more information? And what sectors should I look at? Chuck, what do you think? Traditionally, which industries have paid good dividends?

Chuck: The thing that comes to mind immediately would be the energy sector. Of course, there are people that don't want to put all their money in that sector or have any exposure to that. So that would be the first thing. And, it has one of the largest yields.

Catherine: Right. I used to work in the energy group at the firm that I worked at on Wall Street. And associates knew that they were in the doghouse when they got to do dividend studies for the utilities. *[Chuckling]*

Utilities were the bread-and-butter. The energy companies had the high dividends,

Chuck: I was thinking more of oil companies.

Catherine: Well, the utilities were the bread-and-butter. The energy companies had the high dividends, but the reliable dividends were the wholesale and the retail distribution utilities. Looking at the markets these days, I would say it's a pretty wide selection. In the old days it was the utilities, but now it's a much wider selection.

Chuck: Well, if you focus on yields or on the largest yields, you'll tend to concentrate on a specific sector or on just a few sectors. And that can create problems down the road. It may not do so immediately, but we know that concentration can make you really rich…or it can make you really poor. So, one of the best things you can do is find the strongest companies with the greatest *increasing* dividends, and then build a portfolio across different sectors and regions.

Catherine: Right. And we've certainly seen a nerve-wracking environment where one day a stock is on top of the world and the next day – if you look at the trading patterns of Netflix over the last two years – it's boing-boing-boing. We're definitely faced with a very challenging environment in that way.

Well, this has been fascinating. And I do think it's important to look at this report in the context of the previous two quarterly reports. Because if we *do* have a sideways market, dividends are going to matter. And if everyone says, "Okay, we're leaving the bond market and going to the equity markets," those markets are poised to have a very strong period. And it's going to be a period where, given what's happening with pension funds and retirees, dividends are going to matter there, as well. So whichever way you look at it, bear or bull market, we're coming into a time where dividends matter. And maybe they always did, because that's what your research is showing, Chuck – that they always did. When I was investing in the 90's, I guess I didn't realize it. *[Chuckling]*

Catherine: Well, Chuck and Melanie, I can't thank you enough for joining us on the *Solari Report.* I really encourage everyone to take a look at the transcript for this report and to study it along with the last two reports.

So, ladies and gentlemen, that's it for the *Solari Report's* quarterly equity markets overview. Have a great evening!

—*Catherine Austin Fitts*

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