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Qtr.  
2020



WHY DO  
I INVEST?

# Our View

A QUARTERLY NEWSLETTER  
from SABAL TRUST

In an effort to serve you more efficiently, if you do not currently receive a paper statement from us and we have your email address on file, we will send this quarterly newsletter via email beginning June 30, 2020.

**D**uring periods of market stress and elevated volatility, it is important to pause and reflect on what truly matters to each of us. This important thought exercise helps us better understand why we invest. Placing precious family assets into the capital markets is a daunting and formidable task even under normal circumstances. *When times become more challenged, thoughtful introspection allows you to match investment goals and a perspective on risk with your underlying portfolio strategy.*

## Does Volatility Represent Opportunity?

In the short-term, the opportunity depends on your investment goals and tolerance for additional price fluctuations. If you are willing AND able to take risk, then adding to stocks in the face of greater uncertainty is not a bad alternative given the long-term return potential of stocks versus cash or bonds. However, if you can't stomach volatility, then being patient and waiting for more clarity is prudent.

*Over long cycles, market uncertainty and price volatility do create opportunities for investors.*

## How Should I Position for Success?

While it is impossible to remove all investment ambiguity, deploying a well-balanced portfolio of high-quality dividend-paying stocks and shorter-term investment grade bonds remains the most appropriate strategy to address the current market stress.

*Positioning yourself for success requires focus, especially in the face of adversity and maintaining your discipline can have a lasting, positive impact on your wealth.*

## What is the Importance of Asset Allocation?

Market turbulence is unsettling, especially as you focus on protecting your family legacy. The Coronavirus outbreak, its subsequent spread, and unknown impact on the global environment have elevated economic and market risks.

*The most important decision to effectively manage risk and influence long-term wealth involves determining the correct mix of stocks, bonds and cash.*

*Each quarter, we'll highlight one of the many ways we help enrich your life and legacy.*

## Above & Beyond TRUST ADMINISTRATION

The importance of choosing the right Trustee is often overlooked in the estate planning process. The benefits of an experienced corporate trustee to properly navigate the process and ensure your wishes are handled appropriately and timely can make all the difference. As your appointed trustee, we dedicate ourselves to protecting your assets and ensuring that your intentions are carried out. When you become a trust client, a dedicated relationship management team will be assigned to oversee your account. Your team, with the necessary degree of sensitivity, will recommend courses of action and make prompt decisions on your behalf and on behalf of your beneficiaries.

### SERVICES OFFERED

- Retirement Planning
- Investment Management
- IRA Services
- Trust Administration
- Estate Administration/Settlement
- Bill Payment
- Multi-generation Planning
- Charitable Gift Planning
- Real Estate Owned in Trusts

## Why Do Dividends Add Value?

Dividends supply investors with important information about the future health of a company. Financial discipline, accountability, and transparency are all required for companies to maintain a comprehensive dividend policy designed to attract investors. A healthy dividend stream allows investors to “wait out” volatile market periods.

*Dividends also provide a steady and ever-increasing cash flow for investors as the compounding effects enhance return potential over long periods of time.*

## Why Are Bonds Necessary?

Our fixed income strategy focuses on cash flow generation, capital preservation, risk reduction, and minimizing portfolio volatility. Especially during periods of economic stress, avoid over-extending maturities or reducing credit quality to improve yield.

*Bonds remain a critical component of any diversified portfolio and provide ballast as investors attempt to navigate the unsettled capital markets.*

## Looking ahead:

Longer-term, the economic and financial systems will show their resiliency, which eventually will be reflected in market pricing. However, the journey along this uncharted path will be filled with extreme moves in pricing and bouts of elevated volatility. The fluidity and uncertainty of the situation is unnerving for anybody with a vested interest in the outcome.

*When the emotional pendulum swings wildly, remaining grounded and focused on what you can control is paramount as you answer: “Why do I Invest?”*

## Why Do Interest Rates Matter?

The ongoing Coronavirus outbreak is an unfolding human story with severe economic and financial implications. Nobody knows what the ultimate toll will be. Consequently, global central bank policy makers and governments expressed commitments to provide markets and economies alike with extensive liquidity measures. One form of support involves lower interest rates designed to stimulate the economy.

*The Interest rates permeate through the entire financial system and directly impact savings, borrowing, lending and other activity that ultimately drive economic growth.*

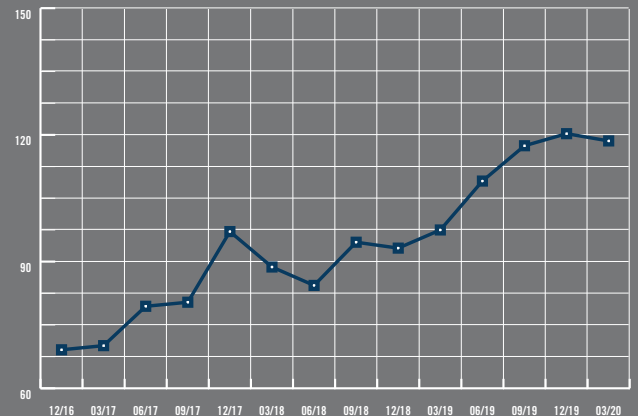


### STOCK FOCUS:

## Walmart

Stock Symbol: **WMT** Market Capitalization: **\$320B** Dividend Yield: **1.9%**  
Long Term Earnings: **9.1%** 2019 P/E: **22.1x** Return on Equity: **18%**

Walmart, the world's largest retailer with more than \$500b in annual sales, appears well positioned to compete against the likes of Amazon with its strategic investments in e-commerce. Furthermore, the company's omni-channel shopping experience, supply chain strength, and technology platform give them a strategic advantage. We believe that WMT's dividend growth streak of 45 consecutive years is sustainable through stable earnings and free cash flow growth. This operational consistency should lead to more predictable future dividend growth.



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