

FundFocus

AI Frank Dividend Value (VALDX)

This fund ranks in the top third of large-cap value stock funds for one-year returns under portfolio manager **John Buckingham**.

Why dividend stocks?

Dividend paying stocks tend to be less volatile in shocks. ... Yeah, you may sacrifice a little bit in return (compared with riskier growth stocks that don't pay a dividend).

We're willing to accept a little lower return in favor of a little more safety.

As a dividend investor, you have more stocks to choose from than a year ago after all the recent increases.

Corporate balance sheets are healthy, so sharing the wealth with shareholders makes a little more sense. The interesting thing is, tech companies have been the ones that have been initiating (dividends).

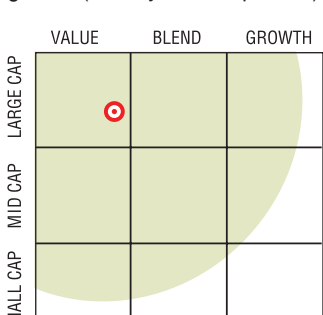
Cisco and Seagate (recently began or resumed paying dividends). IBM has been raising their dividend and buying back stock. We see opportunity in technology, because their balance sheets are so solid with lots of cash.

What about banks, which historically were big dividend payers?

We are underweight that sector, and that's deliberate. One of the concerns that we have in banking: What other shoes are left to fall in terms of the balance sheet? You don't know if there's another big write down coming. That's why we're sticking with quality. JPMorgan and BB&T both were acquirers during the financial mess.


What do you like?

If we're talking yield, pharmaceuticals are among the highest yielders. Abbott Labs, they are forecasting earnings growth, which is sort of rare for that space. If you look at its 4 percent yield, my goodness, how (long term a Treasury) do you have to get for that? (A 10-year Treasury yields 3.2 percent, and a 30-year yields 4.3 percent.) Do you really want to tie up your money? Why wouldn't I want to own an Abbott, or a Lockheed Martin, which is yielding 3.8 percent? If you want to take a little more risk, some of the shippers look attractive like Navios Maritime (which has a dividend yield of 4.4 percent) or Taskos Energy Navigations (which yields 5.8 percent).



Morningstar Ownership Zone™

 Fund target represents weighted average of stock holdings

 Represents 75% of fund's stock holdings