



# Sure Passive Income

Rising Passive Income From Buy & Hold Forever Securities

## October 2020 Edition

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## Opening Thoughts - Our First 10 Recommendations -

This is the inaugural edition of *The Sure Passive Income Newsletter*. *The Sure Passive Income Newsletter* helps investors build rising passive income over the long run.

As a result, the recommendations we make must stand the test of time and deliver rising dividends far into the future.

This month's Top 10 includes quality businesses with strong and durable competitive advantages we believe can and will continue to pay rising dividends.

We are recommending three securities in the consumer defensive sector in this month's Top 10: [Coca-Cola \(KO\)](#), [Mondelez \(MDLZ\)](#), and [Colgate-Palmolive \(CL\)](#). Coca-Cola and Colgate-Palmolive are both Dividend Kings with 50+ years of rising dividends. Mondelez' portfolio of snack brands also lends itself to long-term dividend growth. The company has increased its dividend every year since its first full year as a stand-alone company in 2013, after its spinoff from Kraft.

We also have three recommendations in the industrials sector: [Lockheed Martin \(LMT\)](#), [Honeywell \(HON\)](#), and [Republic Services \(RSG\)](#). Lockheed Martin provides advanced solutions for the U.S. Military – and defense spending is something that's very likely to be around for the long run. Honeywell is a diversified industrial company with strong growth over the last decade, even while other diversified industrials like General Electric (GE) struggled. And Republic Services provides waste disposal services; an industry in which it's hard to imagine demand declining.

In general, the healthcare sector provides services that will always be in demand. And the two companies we are recommending in the Top 10 this month both have enviable dividend growth histories showcasing their ability to thrive over long periods of time. The first one, [Johnson & Johnson \(JNJ\)](#), is also a Dividend King. And [Medtronic \(MDT\)](#) has 43 consecutive years of dividend increases, making it a Dividend Aristocrat.

Rounding out the Top 10 we also have two companies in the utility sector: [Atmos Energy \(ATO\)](#) and [NextEra Energy \(NEE\)](#). Both have surprisingly strong growth prospects and growth histories for utilities. And both have long histories of rising dividends with 36 consecutive years of increases for Atmos Energy and 25 years for NextEra Energy.

The companies in the Top 10 have all proven they can grow their dividends over long periods of time. They sell products or provide services which are likely to be in demand far into the future. And they have cultures that prioritize rewarding shareholders with increasing dividends.

This combination of characteristics along with *at least* market average dividend yields gives a very high chance of generating meaningful rising passive income over time without having to churn your portfolio by selling and re-purchasing other securities.

Please see our [Portfolio Building Guide](#), which will be in every edition of *The Sure Passive Income Newsletter*, for how to build your rising passive income portfolio. Thanks for reading the first ever edition of *The Sure Passive Income Newsletter*. Please keep reading below to see our Top 10 recommendations analyzed in detail.

# The Sure Passive Income Top 10 – October 2020

Name & Ticker	Div. Risk Score	Stock Price	# Years Div. Increases	Div. Yield	Payout Ratio	Exp. Growth	Exp. Growth + Div. Yield
<a href="#">Atmos Energy (ATO)</a>	A	\$95	36	2.4%	49%	7.0%	9.4%
<a href="#">Medtronic (MDT)</a>	A	\$107	43	2.2%	52%	7.0%	9.2%
<a href="#">Johnson &amp; Johnson (JNJ)</a>	A	\$148	58	2.7%	51%	6.0%	8.7%
<a href="#">Colgate-Palmolive (CL)</a>	A	\$80	57	2.2%	60%	6.0%	8.2%
<a href="#">Lockheed Martin (LMT)</a>	B	\$386	18	2.7%	40%	10.0%	12.7%
<a href="#">Honeywell (HON)</a>	B	\$172	10	2.2%	51%	9.0%	11.2%
<a href="#">Coca-Cola (KO)</a>	B	\$50	58	3.3%	91%	7.5%	10.8%
<a href="#">Mondelez (MDLZ)</a>	B	\$58	7	2.2%	51%	7.0%	9.2%
<a href="#">NextEra Energy (NEE)</a>	B	\$298	25	1.9%	63%	7.0%	8.9%
<a href="#">Republic Services (RSG)</a>	B	\$93	16	1.8%	52%	6.0%	7.8%

**Notes:** Data for the table above is from a spreadsheet during the past week of our [Sure Analysis Research Database](#) and general data over the same week. 'Div.' stands for 'Dividend.' '# Years Div. Increases' shows the consecutive years of dividend growth. 'Payout Ratio' is calculated using expected current fiscal year adjusted earnings-per-share. 'Exp. Growth' means expected annualized growth rate over the next five years.

**Disclosures:** Ben Reynolds is personally long JNJ, CL, and RSG from this month's Top 10.

This is the first ever edition of *The Sure Passive Income Newsletter*. As a result, all of this month's Top 10 holdings are new additions.

An equally weighted portfolio of the Top 10 has the following future expected total return estimate characteristics:

**Dividend Yield:** 2.4%  
**Growth Rate:** 7.3%  
**Payout Ratio:** 56%

**Note:** Data for this newsletter was obtained between 10/12/20 and 10/16/20.

# Analysis of Top 10 Securities

## Atmos Energy Corp. (ATO)

### Overview & Current Events

Atmos Energy is a diversified utility company that is based in Texas. The company was formed in 1906, and in the century-plus since that time, it has grown to serve eight states in the U.S., with more than three million customers. Atmos generates over \$3 billion in annual revenue, and trades with a market capitalization of \$11.7 billion. Atmos has also raised its dividend for 36 consecutive years, making it a Dividend Aristocrat.

Atmos reported its Q3 results on August 5<sup>th</sup>, with revenue missing expectations, but profits coming in better than expected. Total revenue was flat year-over-year at \$593 million, but consolidated operating income rose \$16.8 million to \$139 million. Rate case outcomes and lower operating expenses helped push profits higher, despite very weak commercial revenue due to widespread shutdowns from COVID-19.

Nonresidential demand was weak in Q3, but distribution income was up strongly due primarily to rate growth. In addition, pipeline and storage income was up in Q3, again reflecting a strong rate increase and a small increase in volume.

Atmos guided for adjusted earnings-per-share of \$4.58 to \$4.73 for this year after Q3 results, and we updated our estimate accordingly, to \$4.69.

### Safety

Atmos' competitive advantage is in its ability to distribute and store natural gas over a huge section of the southern U.S., as well as its lack of direct competition in its service areas. Atmos has built a sizable network that can rival most utilities in the U.S. This advantage is durable because regulators don't allow utility competition for the most part.

Discretionary use of power is generally quite low, so utilities like Atmos hold up well during recessionary periods, making them safer investments. The company's earnings grew nicely from 2007 to 2010, during the Great Recession, and we see it coming out of the current recession in a strong position as well.

Dividend safety with Atmos is exceptional, as the company has managed to raise its payout for 36 consecutive years while having a current payout ratio of just 49%. We see Atmos' payout as ultra-safe given its predictable earnings and low payout ratio.

### Growth Prospects

Atmos has posted steady earnings growth in recent years as it has grown organically, and through acquisitions. We see 7% annual growth ahead as it should see continued gross margin improvements, as well as further reductions in operating costs. Combined with organic and acquired revenue growth, the outlook for Atmos is quite attractive. These gains are likely to remain as Atmos steadily files for rate cases with local utility authorities, affording it the ability to raise prices over time, which also boosts margins.

### Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	36	<b>5-Year Growth Estimate:</b>	7.0%
<b>Dividend Yield:</b>	2.4%	<b>Most Recent Dividend Increase:</b>	9.5%
<b>Dividend Risk Score:</b>	A	<b>Stock Price:</b>	\$95

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## Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	4720	4286	3436	3875	4941	2927	2455	2760	3116	2902
<b>Gross Profit</b>	1338	1301	1324	1412	1582	1631	1708	1834	1948	2043
<b>Gross Margin</b>	28.3%	30.3%	38.5%	36.4%	32.0%	55.7%	69.6%	66.5%	62.5%	70.4%
<b>D&amp;A Exp.</b>	217	233	247	238	254	275	293	320	361	391
<b>Operating Profit</b>	477	456	452	502	611	612	657	736	728	746
<b>Operating Margin</b>	10.1%	10.6%	13.1%	13.0%	12.4%	20.9%	26.8%	26.7%	23.4%	25.7%
<b>Net Profit</b>	206	208	217	243	290	315	350	396	603	511
<b>Net Margin</b>	4.4%	4.8%	6.3%	6.3%	5.9%	10.8%	14.3%	14.4%	19.4%	17.6%
<b>Free Cash Flow</b>	184	-40	-146	-232	-92	-152	-292	-270	-343	-725
<b>Income Tax</b>	124	107	98	143	187	190	197	221	8	139

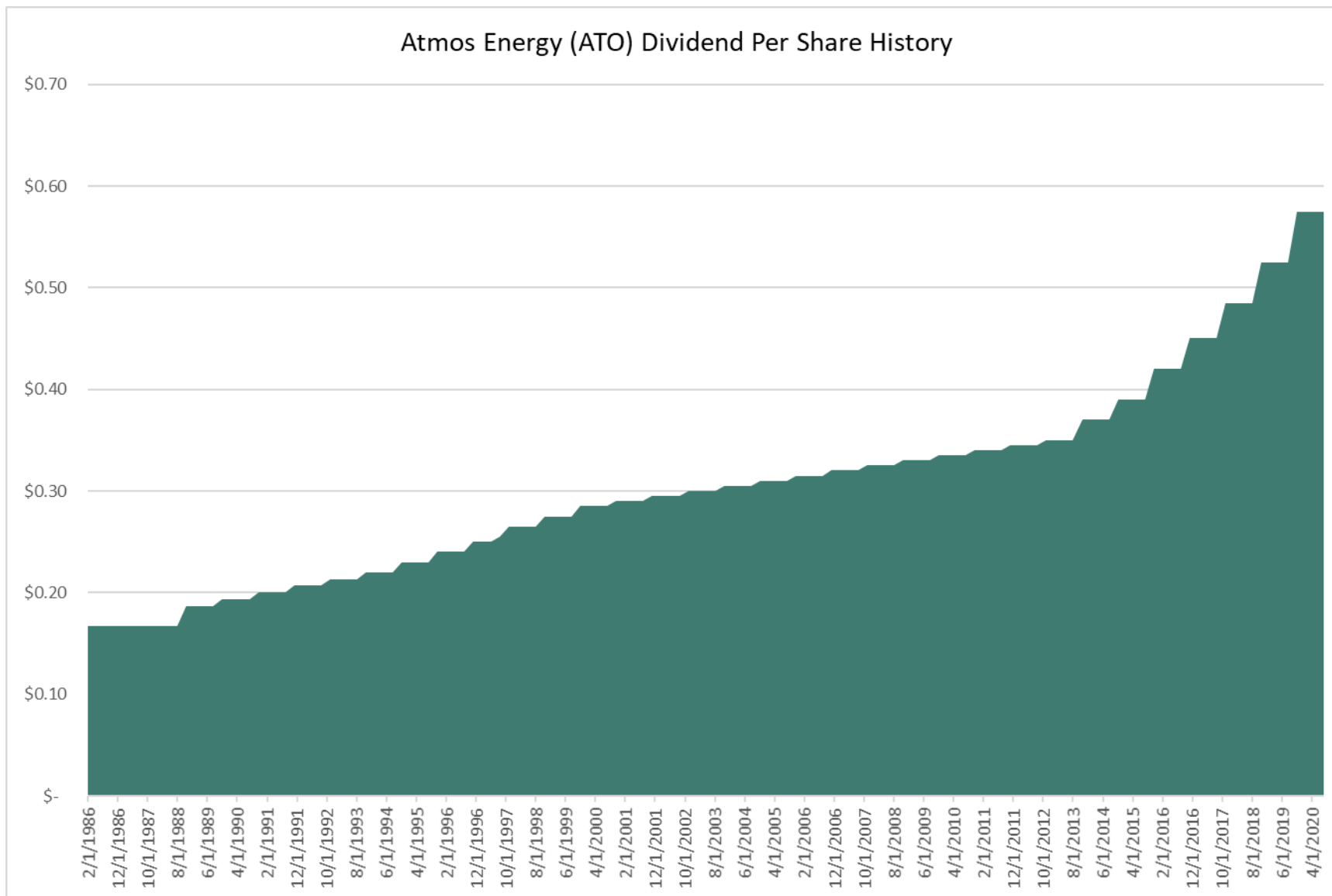
## Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	6764	7283	7496	7934	8595	9075	10011	10750	11874	13368
<b>Cash &amp; Equivalents</b>	132	131	64	66	42	29	48	26	14	25
<b>Accounts Receivable</b>	273	216	178	231	263	205	120	135	139	127
<b>Inventories</b>	319	294	262	250	285	249	185	189	174	136
<b>Goodwill &amp; Int. Ass.</b>	740	740	741	741	742	743	727	730	730	731
<b>Total Liabilities</b>	4585	5027	5136	5354	5508	5880	6548	6851	7104	7617
<b>Accounts Payable</b>		291	83	70	78	79	114	143	135	177
<b>Long-Term Debt</b>	2296	2415	2527	2824	2653	2895	3269	3515	3644	3994
<b>Shareholder's Equity</b>	2178	2255	2359	2580	3086	3195	3463	3899	4770	5750
<b>D/E Ratio</b>	1.05	1.07	1.07	1.09	0.86	0.91	0.94	0.90	0.76	0.69

## Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	3.1%	3.0%	2.9%	3.2%	3.5%	3.6%	3.7%	3.8%	5.3%	4.1%
<b>Return on Equity</b>	9.5%	9.4%	9.4%	9.8%	10.2%	10.0%	10.5%	10.8%	13.9%	9.7%
<b>ROIC</b>	4.6%	4.5%	4.5%	4.7%	5.2%	5.3%	5.5%	5.6%	7.6%	5.6%
<b>Shares Out.</b>	92.42	90.65	91.17	91.71	97.61	101.89	103.52	106.10	111.01	117.46
<b>Revenue/Share</b>	51.07	47.28	37.69	42.26	50.62	28.73	23.71	26.01	28.06	24.70
<b>FCF/Share</b>	1.99	-0.44	-1.60	-2.53	-0.94	-1.49	-2.82	-2.54	-3.09	-6.17

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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# Medtronic plc (MDT)

## Overview & Current Events

Medtronic is the largest manufacturer of biomedical devices and implantable technologies in the world. The company serves physicians, hospitals, and patients in more than 150 countries and has over 90,000 employees. Medtronic currently has four operating segments: Cardiac and Vascular Group, Minimally Invasive Therapies Group, Diabetes Group, and Restorative Therapies Group.

On August 25th, 2020 Medtronic reported first-quarter results for the current fiscal year. Revenue of \$6.51 billion declined 13% year-over-year, as the company continues to see an impact from deferred procedures as a result of the COVID-19 pandemic. Sales in the Cardiac and Vascular Group, Minimally Invasive Therapies Group, Diabetes Group, and Restorative Therapies Group were down 12.8%, 14.2%, 5.1% and 14.9% respectively. Adjusted earnings-per-share (EPS) fell 51% year-over-year.

## Safety

Medtronic's most compelling competitive advantage is its intellectual leadership in a complicated industry within the healthcare sector. It has filed more than 53,000 patents and spends more than \$2 billion per year on research and development. This serves the company well during recessions.

Earnings-per-share increased 10% in 2009 and 5% in 2010, a highly impressive performance during the Great Recession. The company has not fared as well so far during the COVID-19 recession, but still remains highly profitable.

Medtronic has a projected dividend payout ratio of 52% for the current fiscal year, which means the dividend is safe. Medtronic investors should note that the company has established tax residence in Ireland. Dividends are considered Irish source income and Irish dividend withholding tax may be applied to Medtronic's dividend payments. However, most if not all U.S. investors will qualify for an exemption from this withholding tax ([see Medtronic's investor relations for more](#)).

## Growth Prospects

We expect 7% annual earnings-per-share growth over the next five years. The company has a long history of growth. From 2008 to 2018, earnings grew by 6% annually before a down year in 2019. Moving forward we anticipate that share repurchases will help along earnings-per-share growth, while Medtronic's pipeline in new treatments should lead to further market share gains.

Medtronic is a highly attractive stock for dividend growth investors. Not only does the company maintain a long history of dividend growth at over 40 years, it also provides a high rate of dividend growth. We expect 7% annual dividend growth over the next five years, in-line with expected EPS growth.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	43	<b>5-Year Growth Estimate:</b>	7.0%
<b>Dividend Yield:</b>	2.2%	<b>Most Recent Dividend Increase:</b>	7.4%
<b>Dividend Risk Score:</b>	A	<b>Stock Price:</b>	\$107

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## Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	15508	16184	16590	17005	20261	28833	29710	29953	30557	28913
<b>Gross Profit</b>	11808	12295	12464	12672	13952	19691	20416	20886	21402	19489
<b>Gross Margin</b>	76.1%	76.0%	75.1%	74.5%	68.9%	68.3%	68.7%	69.7%	70.0%	67.4%
<b>SG&amp;A Exp.</b>	5427	5623	5698	5847	6904	9469	10018	10238	10418	10109
<b>D&amp;A Exp.</b>	804	833	819	850	1306	2820	2917	2644	2659	2663
<b>Operating Profit</b>	4460	4483	4770	4818	4557	5960	5986	6034	6632	5222
<b>Operating Margin</b>	28.8%	27.7%	28.8%	28.3%	22.5%	20.7%	20.1%	20.1%	21.7%	18.1%
<b>Net Profit</b>	3096	3617	3467	3065	2675	3538	4028	3104	4631	4789
<b>Net Margin</b>	20.0%	22.3%	20.9%	18.0%	13.2%	12.3%	13.6%	10.4%	15.2%	16.6%
<b>Free Cash Flow</b>	3240	3986	4485	4563	4331	4172	5626	3616	5873	6021
<b>Income Tax</b>	609	730	784	640	811	798	578	2580	547	-751

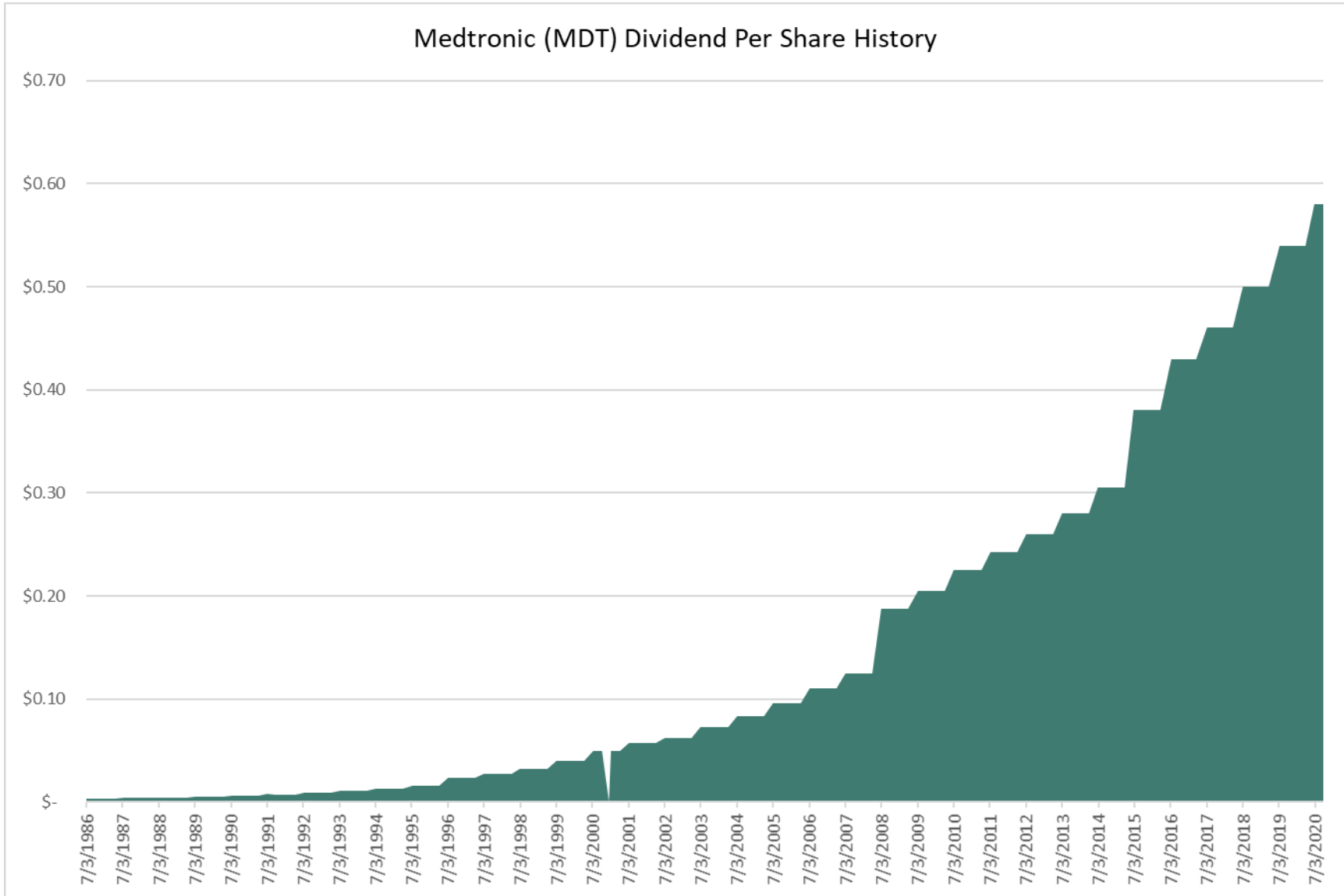
## Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	30424	32818	34900	37943	106685	99644	99857	91393	89694	90689
<b>Cash &amp; Equivalents</b>	1382	1172	919	1403	4843	2876	4967	3669	4393	4140
<b>Accounts Receivable</b>	3822	3808	3727	3811	5112	5562	5591	5987	6222	4645
<b>Inventories</b>	1695	1800	1712	1725	3463	3473	3338	3579	3753	4229
<b>Goodwill &amp; Int. Ass.</b>	12314	12581	13002	12879	68631	68399	61922	61266	60519	58904
<b>Total Liabilities</b>	14456	15705	16229	18500	53455	47581	49527	40571	39482	39817
<b>Accounts Payable</b>	511	565	681	742	1610	1709	1555	1628	1953	1996
<b>Long-Term Debt</b>	9835	10454	10499	11775	36041	30970	33413	25731	25308	24797
<b>Shareholder's Equity</b>	15968	17113	18671	19443	53230	52063	50208	50720	50091	50737
<b>D/E Ratio</b>	0.62	0.61	0.56	0.61	0.68	0.59	0.67	0.51	0.51	0.49

## Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	10.6%	11.4%	10.2%	8.4%	3.7%	3.4%	4.0%	3.2%	5.1%	5.3%
<b>Return on Equity</b>	20.2%	21.9%	19.4%	16.1%	7.4%	6.7%	7.9%	6.2%	9.2%	9.5%
<b>ROIC</b>	12.4%	13.6%	12.2%	10.2%	4.4%	4.1%	4.8%	3.9%	6.1%	6.3%
<b>Shares Out.</b>	1,070	1,037	1,016	999	1,422	1,399	1,369	1,354	1,341	1,352
<b>Revenue/Share</b>	14.34	15.27	16.15	16.78	18.27	20.22	21.35	21.89	22.51	21.40
<b>FCF/Share</b>	3.00	3.76	4.37	4.50	3.91	2.93	4.04	2.64	4.33	4.46

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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# Johnson & Johnson (JNJ)

## Overview & Current Events

Johnson & Johnson is a healthcare giant with a market capitalization of nearly \$400 billion. It has very large businesses across healthcare; including Pharmaceuticals, Medical Devices, and Consumer health products. The company has annual sales in excess of \$81 billion.

Johnson & Johnson announced third-quarter earnings results on October 13<sup>th</sup>. Revenue increased 1.7% to \$21.1 billion, topping estimates by \$930 million. Adjusted earnings-per-share of \$2.20 topped estimates by \$0.22 and increased nearly 4% from the same quarter last year. Its global Pharmaceutical segment continued to perform well, with sales growing 5%, while Consumer sales grew 1.3%. These segments offset weak performance in Medical Devices, where sales fell 3.6% for the quarter.

## Safety

Johnson & Johnson's key competitive advantage is the size and scale of its business. It invested over \$11 billion in R&D last year to grow its market share. J&J is a worldwide leader in a number of healthcare categories, with 26 individual products or platforms that generate over \$1 billion each in annual sales.

J&J's diversification allows it to grow each year. It has increased its adjusted operational earnings for 36 consecutive years. This is an unmatched streak as far as we are aware.

J&J performed very well in the previous recession of 2008-2009. Earnings-per-share grew by 10% in 2008, and 1% in 2009, during the Great Recession. J&J's resilience stems from the fact that as a healthcare manufacturer, its customers cannot stop purchasing their products, even in a recession. This gives J&J steady profits, which allows it to continue increasing its dividend each year.

The company has an expected payout ratio of 51% for 2020, which indicates sufficient coverage of the dividend. This combined with the company's long history of earnings growth makes for an especially safe dividend.

## Growth Prospects

We expect 6% annual earnings-per-share growth over the next five years. Steady growth in consumer health products is likely due to the coronavirus pandemic. Pharmaceuticals are a major growth catalyst as well. In the second quarter, J&J saw 44% growth from Darzalex, which treats multiple myeloma. This drug also saw increased uptake rates for a method of administering the medication that was approved in the second quarter. Separately, revenue from lymphoma therapy, Imbruvica, increased 12%.

J&J has increased its dividend for over 50 consecutive years, which makes it a Dividend King. Continued dividend growth is very likely for many years, due to the company's durable competitive advantages and market leadership. J&J also has a strong balance sheet with a credit rating of AAA from Standard & Poor's. It and Microsoft are the only two U.S. companies to hold that perfect credit rating. We expect 6% compound annual dividend growth through 2025.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	58	<b>5-Year Growth Estimate:</b>	6.0%
<b>Dividend Yield:</b>	2.7%	<b>Most Recent Dividend Increase:</b>	6.3%
<b>Dividend Risk Score:</b>	A	<b>Stock Price:</b>	\$148

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### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	61587	65030	67224	71312	74331	70074	71890	76450	81581	82059
<b>Gross Profit</b>	42795	44670	45566	48970	51585	48538	50101	51011	54490	54503
<b>Gross Margin</b>	69.5%	68.7%	67.8%	68.7%	69.4%	69.3%	69.7%	66.7%	66.8%	66.4%
<b>SG&amp;A Exp.</b>	19424	20969	20869	21830	21954	21203	20067	21520	22540	22178
<b>D&amp;A Exp.</b>	2939	3158	3666	4104	3895	3746	3754	5642	6929	7009
<b>Operating Profit</b>	16527	16153	17032	18957	21137	18289	20891	18897	21175	20970
<b>Op. Margin</b>	26.8%	24.8%	25.3%	26.6%	28.4%	26.1%	29.1%	24.7%	26.0%	25.6%
<b>Net Profit</b>	13334	9672	10853	13831	16323	15409	16540	1300	15297	15119
<b>Net Margin</b>	21.7%	14.9%	16.1%	19.4%	22.0%	22.0%	23.0%	1.7%	18.8%	18.4%
<b>Free Cash Flow</b>	14001	11405	12462	13819	14996	16106	15541	17777	18531	19918
<b>Income Tax</b>	3613	2689	3261	1640	4240	3787	3263	16373	2702	2209

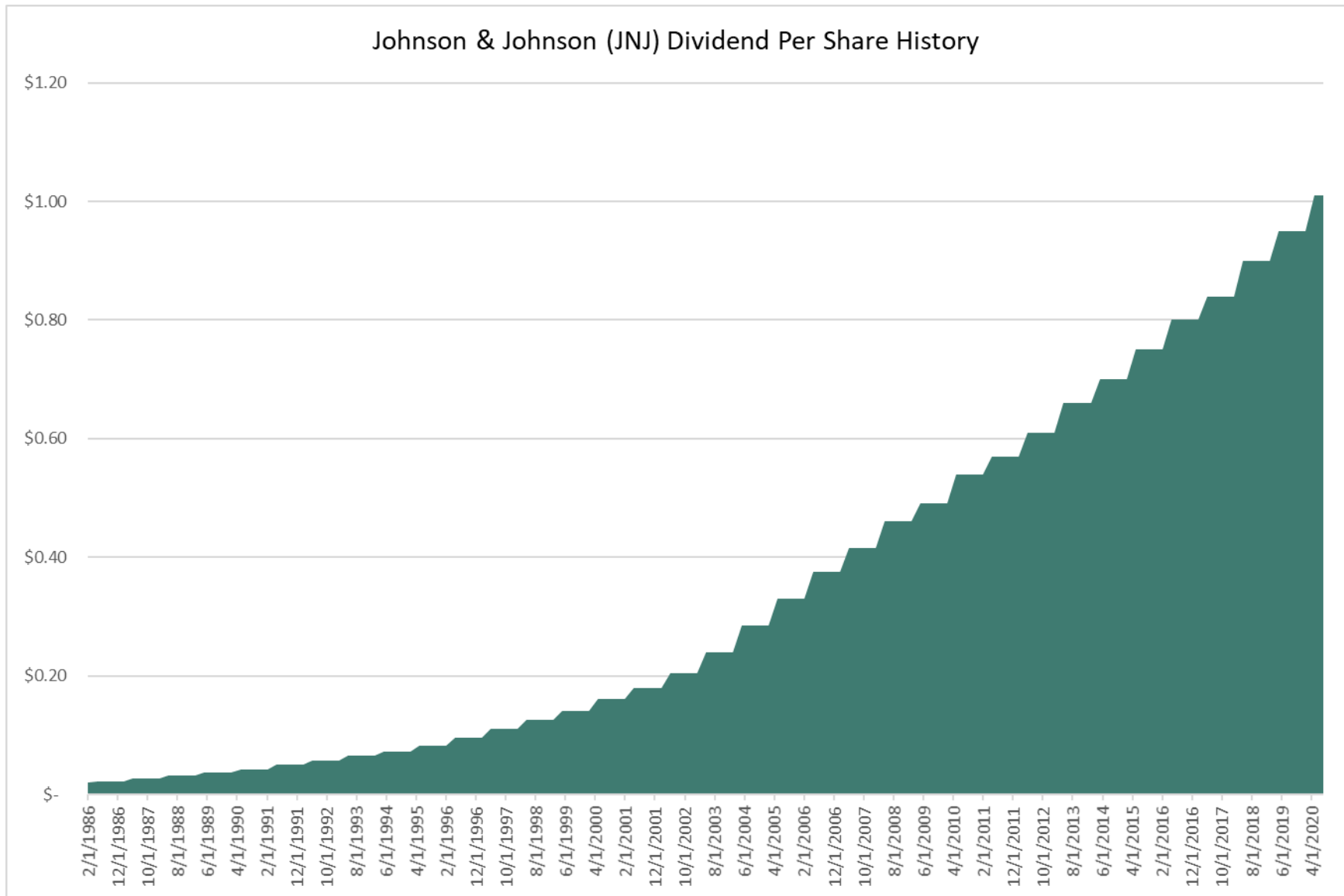
### Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	102908	113644	121347	132683	130358	133411	141208	157303	152954	157728
<b>Cash &amp; Equivalents</b>	19355	24542	14911	20927	14523	13732	18972	17824	18107	17305
<b>Acc. Receivable</b>	9774	10581	11309	11713	10985	10734	11699	13490	14098	14481
<b>Inventories</b>	5378	6285	7495	7878	8184	8053	8144	8765	8599	9020
<b>Goodwill &amp; Int.</b>	32010	34276	51176	50745	49054	47393	49681	85134	78064	81282
<b>Total Liabilities</b>	46329	56564	56521	58630	60606	62261	70790	97143	93202	98257
<b>Accounts Payable</b>	5623	5725	5831	6266	7633	6668	6918	7310	7537	8544
<b>Long-Term Debt</b>	16773	19627	16165	18180	18760	19861	27126	34581	30480	27696
<b>Total Equity</b>	56579	57080	64826	74053	69752	71150	70418	60160	59752	59471
<b>D/E Ratio</b>	0.30	0.34	0.25	0.25	0.27	0.28	0.39	0.57	0.51	0.47

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	13.5%	8.9%	9.2%	10.9%	12.4%	11.7%	12.0%	0.9%	9.9%	9.7%
<b>Return on Equity</b>	24.9%	17.0%	17.8%	19.9%	22.7%	21.9%	23.4%	2.0%	25.5%	25.4%
<b>ROIC</b>	19.3%	12.9%	13.8%	16.0%	18.1%	17.2%	17.5%	1.4%	16.5%	17.0%
<b>Shares Out.</b>	2738	2724	2779	2821	2783	2755	2707	2683	2650	2684
<b>Revenue/Share</b>	22.08	23.43	23.90	24.79	25.95	24.91	25.78	27.85	29.90	30.57
<b>FCF/Share</b>	5.02	4.11	4.43	4.80	5.24	5.73	5.57	6.48	6.79	7.42

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*



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# Colgate-Palmolive Co. (CL)

## Overview & Current Events

Colgate-Palmolive was formed more than two centuries ago, beginning operations in 1806. It is organized into four segments: Oral Care, Personal Care, Home Care, and Pet Nutrition. In total, these segments produce about \$16 billion in annual revenue, and the company has a current market capitalization of \$68.5 billion.

The company reported second-quarter earnings on July 31<sup>st</sup>, showing revenue and earnings that both beat expectations. Total revenue was up 0.5% year-over-year to \$3.9 billion, but organic revenue produced a very strong 5.5% gain, which reflected higher volumes and higher price realization. The gap between organic revenue and total revenue growth was due to divestitures and the negative impact of forex.

The company said it saw strong demand for cleaning products and soap, and it continued to enjoy very strong growth from its Hill's brand of pet food.

Earnings-per-share came in at \$0.74 in Q2, up slightly from \$0.72 in the same period last year, and well in excess of estimates of \$0.69. Management did not provide specific guidance for this year, but said it expected a mid-single-digit revenue headwind from forex alone in 2020. After the Q2 report, we boosted our estimate of earnings-per-share to \$2.95 on sustained demand for the company's products.

## Safety

While Colgate-Palmolive has many competitors in its various product categories, its portfolio of strong brands has afforded it growth for decades. Its distribution network and relationship with retailers should allow Colgate-Palmolive to continue to grow at modest rates for many years to come. This helps during recessions as well, as the company is in a strong competitive position to maintain or take share during tough economic times. Colgate-Palmolive is thriving during this recession, replicating the robust earnings growth it posted during the Great Recession.

The dividend is very safe with a payout ratio of just 60% on this year's earnings, and a fairly transparent earnings growth outlook. We expect that Colgate-Palmolive has the capacity to continue to raise the dividend for many years to come.

## Growth Prospects

We expect Colgate-Palmolive to grow at 6% annually in the coming years, through a combination of revenue growth, margin expansion, and share repurchases. The company has been a significant beneficiary of pantry-stocking during 2020, and while we don't expect that surge in demand to continue, the company is taking market share. Forex has been a problem that has offset some top line growth, and commodity volatility has as well. Still, we believe Colgate-Palmolive's product portfolio is well-positioned for long-term growth as it covers in-demand consumables with strong, recognizable brands.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	57	<b>5-Year Growth Estimate:</b>	6.0%
<b>Dividend Yield:</b>	2.2%	<b>Most Recent Dividend Increase:</b>	2.3%
<b>Dividend Risk Score:</b>	A	<b>Stock Price:</b>	\$80

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### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	15,564	16,734	17,085	17,420	17,277	16,034	15,195	15,454	15,544	15,693
<b>Gross Profit</b>	9,204	9,590	9,932	10,201	10,109	9,399	9,123	9,280	9,231	9,325
<b>Gross Margin</b>	59.1%	57.3%	58.1%	58.6%	58.5%	58.6%	60.0%	60.0%	59.4%	59.4%
<b>SG&amp;A Exp.</b>	5,414	5,758	5,930	6,223	5,982	5,464	5,143	5,400	5,389	5,575
<b>D&amp;A Exp.</b>	376	421	425	439	442	449	443	475	511	519
<b>Operating Profit</b>	3,783	3,810	3,965	3,951	4,113	3,896	3,958	3,710	3,685	3,617
<b>Operating Margin</b>	24.3%	22.8%	23.2%	22.7%	23.8%	24.3%	26.0%	24.0%	23.7%	23.0%
<b>Net Profit</b>	2,203	2,431	2,472	2,241	2,180	1,384	2,441	2,024	2,400	2,367
<b>Net Margin</b>	14.2%	14.5%	14.5%	12.9%	12.6%	8.6%	16.1%	13.1%	15.4%	15.1%
<b>Free Cash Flow</b>	2,661	2,359	2,631	2,534	2,541	2,258	2,548	2,501	2,620	2,798
<b>Income Tax</b>	1,117	1,235	1,243	1,155	1,194	1,215	1,152	1,313	906	774

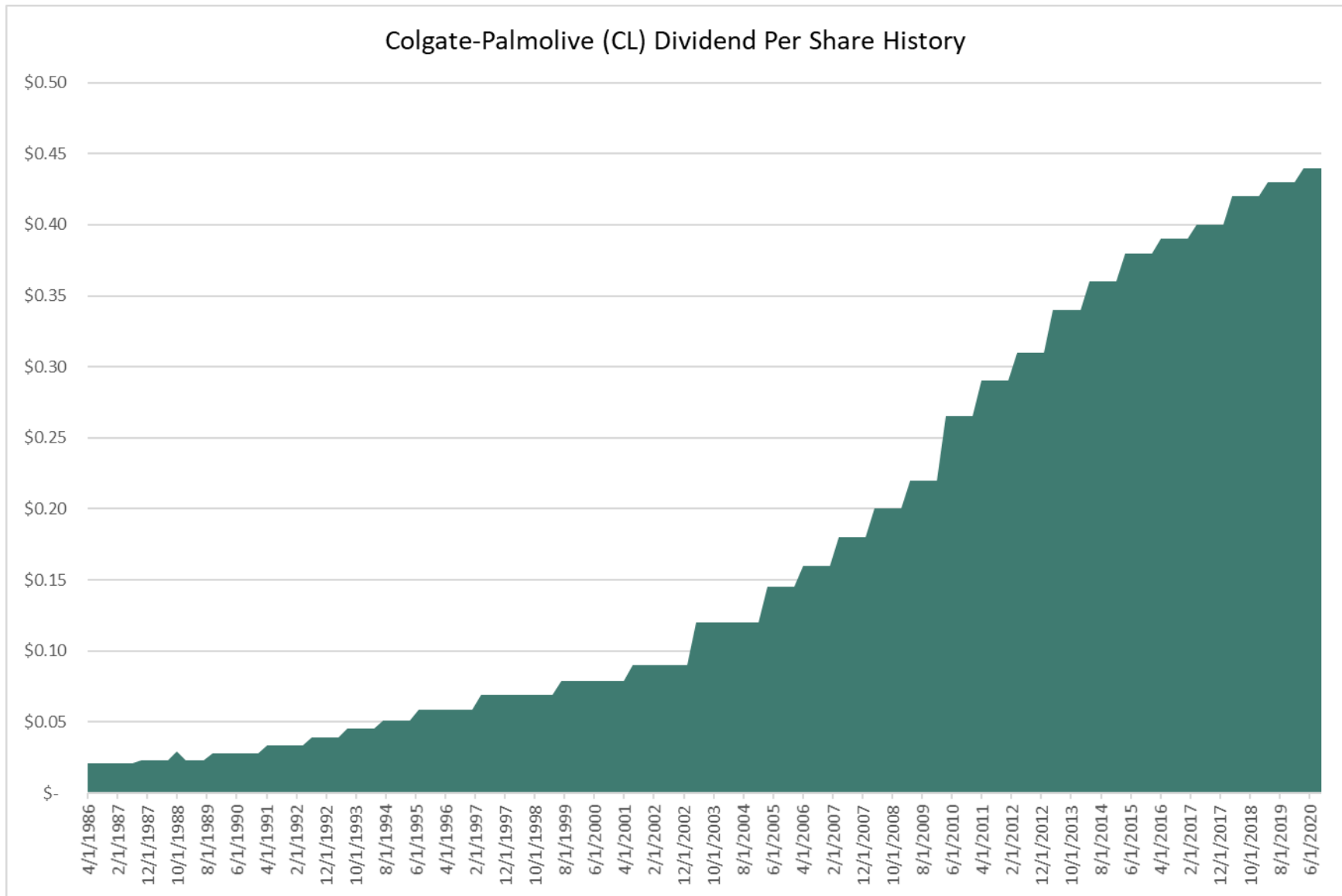
### Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	11,172	12,724	13,394	13,985	13,459	11,935	12,123	12,676	12,161	15,034
<b>Cash &amp; Equivalents</b>	490	878	884	962	1,089	970	1,315	1,535	726	883
<b>Accounts Receivable</b>	1,610	1,675	1,668	1,636	1,552	1,427	1,411	1,480	1,400	1,440
<b>Inventories</b>	1,222	1,327	1,365	1,425	1,382	1,180	1,171	1,221	1,250	1,400
<b>Goodwill &amp; Int. Ass.</b>	3,193	3,998	3,999	3,970	3,720	3,449	3,420	3,559	4,167	6,175
<b>Total Liabilities</b>	8,355	10,183	11,004	11,449	12,074	11,979	12,106	12,433	11,964	14,476
<b>Accounts Payable</b>	1,165	1,244	1,290	1,343	1,231	1,110	1,124	1,212	1,222	1,237
<b>Long-Term Debt</b>	3,424	4,810	5,230	5,657	6,148	6,548	6,533	6,577	6,366	7,847
<b>Shareholder's Equity</b>	2,675	2,375	2,189	2,305	1,145	(299)	(243)	(60)	(102)	117
<b>D/E Ratio</b>	1.28	2.03	2.39	2.45	5.37	(21.90)	(26.88)	(109.6)	(62.41)	67.07

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	19.8%	20.3%	18.9%	16.4%	15.9%	10.9%	20.3%	16.3%	19.3%	17.4%
<b>Return on Equity</b>	78.4%	96.3%	108%	99.7%	126%	327%	---	---	---	31560%
<b>ROIC</b>	34.7%	35.8%	33.0%	28.3%	27.7%	19.7%	37.4%	30.3%	35.9%	31.6%
<b>Shares Out.</b>	990	960	936	920	907	893	907	875	867	858
<b>Revenue/Share</b>	15.23	17.00	17.79	18.53	18.69	17.63	16.91	17.41	17.81	18.22
<b>FCF/Share</b>	2.60	2.40	2.74	2.70	2.75	2.48	2.84	2.82	3.00	3.25

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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# Lockheed Martin Corp. (LMT)

## Overview & Current Events

Lockheed Martin is the world's largest defense company. About 60% of the company's revenues come from the U.S. Department of Defense, with other U.S. government agencies (10%) and international clients (30%) making up the remainder. The company consists of four business segments: Aeronautics (~40% sales) - which produces military aircraft like the F-35, F-22, F-16 and C-130; Rotary and Mission Systems (~26% sales) - which includes combat ships, naval electronics and helicopters; Missiles and Fire Control (~16% sales) - which creates missile defense systems; and Space Systems (~17% sales) - which produces satellites.

Lockheed Martin reported its Q2 financial results on 7/21/20. Net sales increased by 11% to \$16.2B from \$14.4B and diluted GAAP earnings-per-share (EPS) increased 16% to \$5.79 from \$5.00 on a year-over-year basis. The company took a \$0.34 per share impairment charge for the sale of an international joint venture. However, all four business segments increased net sales. Lockheed Martin's backlog is at a record ~\$150B and the company slightly increased revenue and earnings guidance as well.

## Safety

Lockheed Martin is an entrenched military, prime contractor. It produces aircraft and other platforms that serve as the backbone for the U.S. military and other militaries around the world. This leads to a competitive advantage as any new technologies would have to significantly outperform current platforms. These platforms have decades long life cycles and Lockheed Martin has expertise and experience to perform sustainment and modernization.

These characteristics lead to a good degree of recession resistance. Lockheed Martin saw adjusted EPS decline just 8.0% from 2008 through 2010 during the Great Recession, before fully recovering and hitting new highs in 2012. However, the company does face risks from program cuts. Short-term debt is now \$500M and long-term debt is \$12,174M offset by \$2,855M in cash and equivalents and interest coverage is over 15X.

Lockheed Martin has established a compelling dividend growth track record over the last 18 years made possible by strong earnings growth. The payout ratio is relatively low at just 40% of expected fiscal 2020 adjusted earnings.

## Growth Prospects

The reasonable payout ratio allows management to retain sufficient earnings to buy back shares and re-invest in growing the business, both of which should fuel solid future dividend growth while sustaining the dividend through any bumps in the road.

We forecast 10% annualized earnings-per-share growth over the next 5 years fueled by the need to continue investing in military modernization and growth, to maintain America's military edge over rising rivals such as China. Furthermore, strong demand from Middle Eastern and Asian allies will add an additional tailwind to growth.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	18	<b>5-Year Growth Estimate:</b>	10.0%
<b>Dividend Yield:</b>	2.7%	<b>Most Recent Dividend Increase:</b>	8.5%
<b>Dividend Risk Score:</b>	B	<b>Stock Price:</b>	\$386

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### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	45671	46499	47182	45358	39946	40536	47248	51048	53762	59812
<b>Gross Profit</b>	3844	3744	4196	4187	4683	4492	5062	5548	7274	8367
<b>Gross Margin</b>	8.4%	8.1%	8.9%	9.2%	11.7%	11.1%	10.7%	10.9%	13.5%	14.0%
<b>D&amp;A Exp.</b>	1052	1008	988	990	994	1026	1215	1195	1161	1189
<b>Operating Profit</b>	4105	4020	4434	4505	5012	4712	5549	5921	7334	8545
<b>Op. Margin</b>	9.0%	8.6%	9.4%	9.9%	12.5%	11.6%	11.7%	11.6%	13.6%	14.3%
<b>Net Profit</b>	2878	2655	2745	2981	3614	3605	5302	2002	5046	6230
<b>Net Margin</b>	6.3%	5.7%	5.8%	6.6%	9.0%	8.9%	11.2%	3.9%	9.4%	10.4%
<b>Free Cash Flow</b>	2727	3266	619	3710	3021	4162	4126	5299	1860	5827
<b>Income Tax</b>	1164	964	1327	1205	1424	1173	1133	3340	792	1011

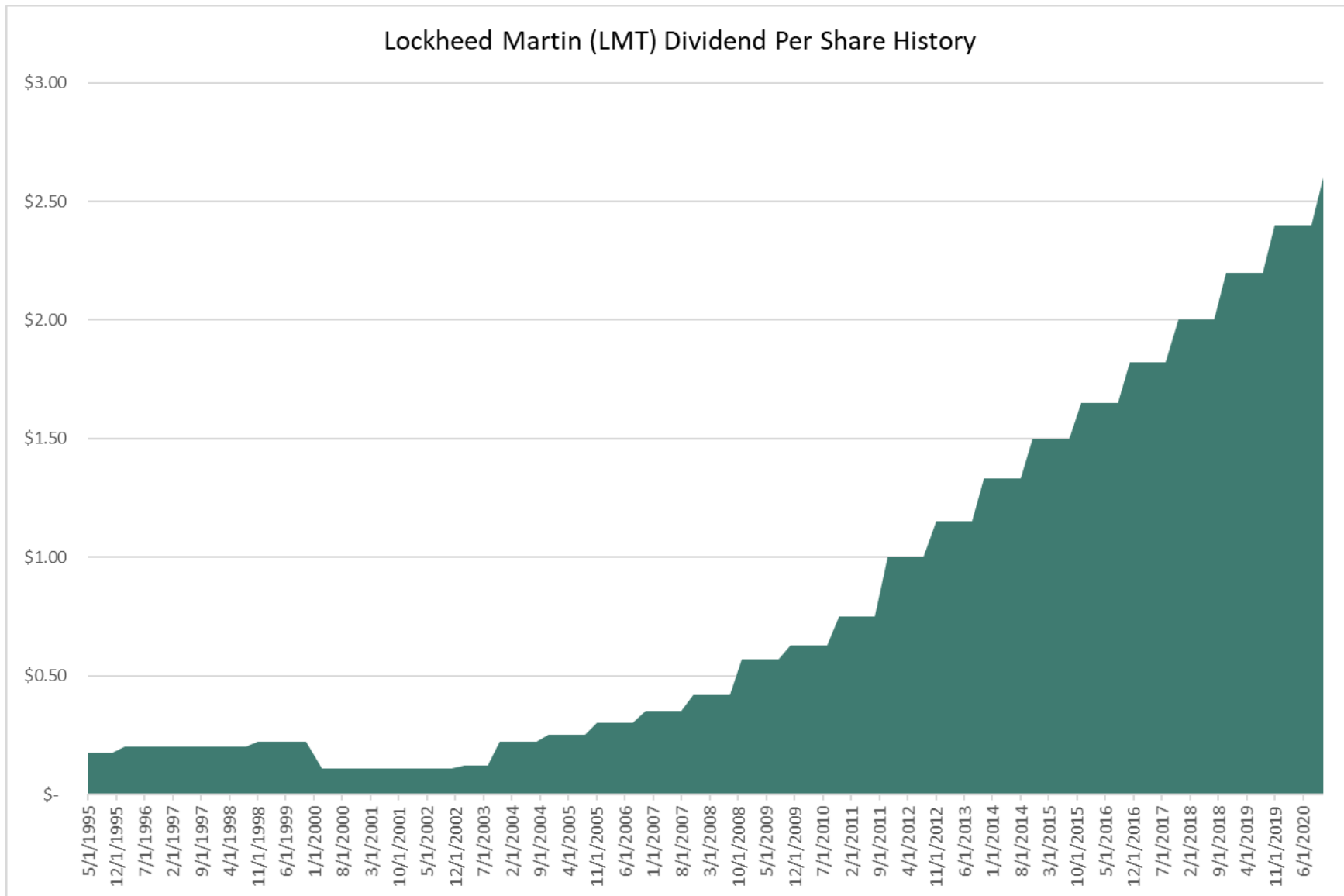
### Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	35113	37908	38657	36188	37046	49304	47806	46521	44876	47528
<b>Cash &amp; Equivalents</b>	2261	3582	1898	2617	1446	1090	1837	2861	772	1514
<b>Acc. Receivable</b>	5692	6064	6563	5834	5877	7254	8202	8603	2444	2337
<b>Inventories</b>	2363	2481	2937	2977	2804	4819	4670	4487	2997	3619
<b>Goodwill &amp; Int.</b>	9605	10148	10370	10348	11186	14717	14857	14604	14263	13817
<b>Total Liabilities</b>	31616	36907	38618	31270	33646	46207	46200	47130	43427	44357
<b>Accounts Payable</b>	1627	2269	2038	1397	1562	1745	1653	1467	2402	1281
<b>Long-Term Debt</b>	5019	6460	6308	6152	6142	15261	14282	14263	14104	12654
<b>Total Equity</b>	3497	1001	39	4918	3400	3097	1511	-683	1394	3127
<b>D/E Ratio</b>	1.44	6.45	161.74	1.25	1.81	4.93	9.45	-20.88	10.12	4.05

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	8.2%	7.3%	7.2%	8.0%	9.9%	8.3%	10.9%	4.2%	11.0%	13.5%
<b>Return on Equity</b>	75.5%	118%	528%	120%	86.9%	111%	230%	484%	1419%	275.6%
<b>ROIC</b>	32.5%	33.2%	39.8%	34.2%	35.1%	25.8%	31.0%	13.6%	34.6%	39.7%
<b>Shares Out.</b>	346	323.4	321	319	314	303	289	284	280	278
<b>Revenue/Share</b>	124.00	136.80	143.67	138.92	123.90	128.81	155.88	175.66	187.45	210.75
<b>FCF/Share</b>	7.40	9.61	1.88	11.36	9.37	13.23	13.61	18.23	6.49	20.53

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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# Honeywell International Inc. (HON)

## Overview & Current Events

Honeywell International is a diversified industrial manufacturer. The company has four divisions: Aerospace, Honeywell Building Technologies, Performance Materials & Technologies and Safety & Productivity Solutions. Honeywell has more than 113,000 employees around the world and more than 40% of sales come from international markets. Honeywell generates \$32 billion in annual revenue.

Honeywell International released earnings results for the second quarter on 7/24/20. Revenue declined 19% to \$7.5 billion, while adjusted earnings-per-share fell 40% year-over-year. Organic sales fell 18% while segment margins contracted 280 basis points. Much of the year-over-year declines were attributed to the ongoing COVID-19 pandemic. Organic sales for Aerospace decreased 27% as strength in U.S. defense and space were more than offset by lower demand for commercial aftermarket services and reduced volumes in commercial end markets.

## Safety

Honeywell's competitive advantage is its leading position in its core markets. The company has made a number of moves to reorganize its business and focus on its core competencies. For example, Honeywell divested two lower-margin businesses in the form of spinoffs last year. This allowed Honeywell to focus on its higher-margin businesses, particularly in aerospace.

While industrial manufacturers are typically sensitive to fluctuations in the global economy, Honeywell performed relatively well in the Great Recession. Earnings-per-share declined 24% to \$2.76 in 2009, but the company remained highly profitable which allowed it to maintain its dividend. Honeywell recovered quickly from the recession with 5% earnings-per-share growth in 2009 and 26% growth in 2010.

Because of Honeywell's market leadership, consistent profitability, and long-term growth, we view the dividend as very safe. The company has an expected payout ratio of 51% for 2020, which indicates sufficient coverage of the dividend.

## Growth Prospects

We expect 9% annual earnings-per-share growth over the next five years. This growth will be achieved through a combination of organic revenue growth, margin expansion, and share repurchases. Earnings growth will result in steady dividend growth as well.

Honeywell has paused, but not cut, its dividend growth several times over the past two decades, most recently in 2010 due to the Great Recession. Overall, the company has done a good job increasing its dividend over the long run. The company increased its dividend by 9.8% last year and announced a 3.3% increase for its dividend payable on December 4<sup>th</sup>. Honeywell has now increased its dividend for 10 consecutive years. In order to be conservative, we forecast that dividends will grow in-line with earnings going forward.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	10	<b>5-Year Growth Estimate:</b>	9.0%
<b>Dividend Yield:</b>	2.2%	<b>Most Recent Dividend Increase:</b>	9.8%
<b>Dividend Risk Score:</b>	B	<b>Stock Price:</b>	\$172

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### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	32350	36529	37665	39055	40306	38581	39302	40534	41802	36709
<b>Gross Profit</b>	7629	7973	9374	10691	11349	11834	11625	12390	12756	12370
<b>Gross Margin</b>	23.6%	21.8%	24.9%	27.4%	28.2%	30.7%	29.6%	30.6%	30.5%	33.7%
<b>SG&amp;A Exp.</b>	4618	5399	5218	5190	5518	5006	5574	6087	6051	5519
<b>D&amp;A Exp.</b>	987	957	926	989	924	883	1030	1115	1116	1088
<b>Operating Profit</b>	3011	2574	4156	5501	5831	6828	6051	6303	6705	6851
<b>Op. Margin</b>	9.3%	7.0%	11.0%	14.1%	14.5%	17.7%	15.4%	15.5%	16.0%	18.7%
<b>Net Profit</b>	2022	2067	2926	3924	4239	4768	4812	1545	6765	6143
<b>Net Margin</b>	6.3%	5.7%	7.8%	10.0%	10.5%	12.4%	12.2%	3.8%	16.2%	16.7%
<b>Free Cash Flow</b>	3552	2035	2633	3388	3986	4446	4403	4935	5606	6058
<b>Income Tax</b>	765	417	944	1450	1489	1739	1603	5362	659	1329

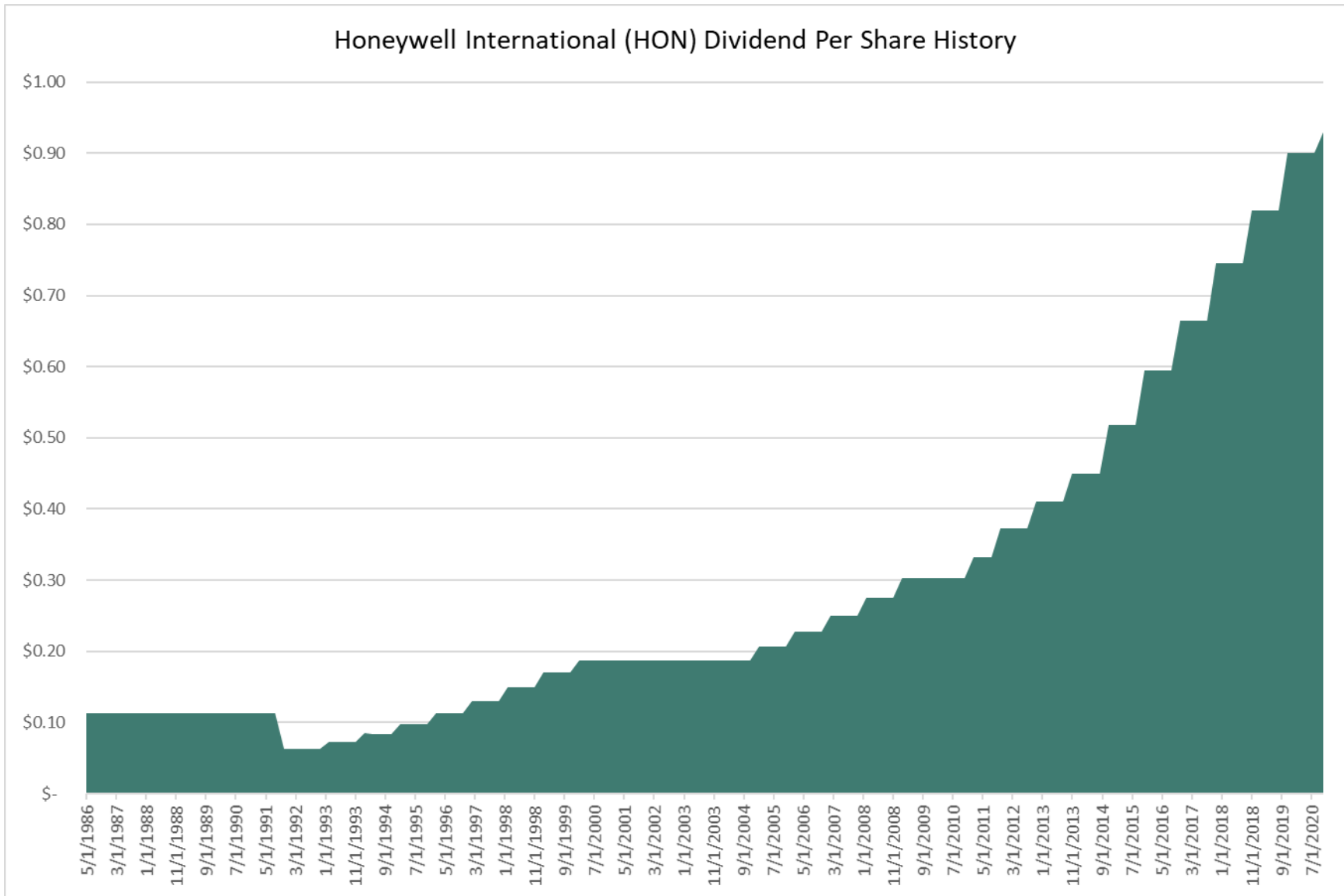
### Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	37834	39808	41853	45435	45451	49316	54146	59470	57773	58679
<b>Cash &amp; Equivalents</b>	2650	3698	4634	6422	6959	5455	7843	7059	9287	9067
<b>Acc. Receivable</b>	---	6926	6940	7530	7788	7901	8177	8866	7508	7493
<b>Inventories</b>	3958	4264	4235	4293	4405	4420	4366	4613	4326	4421
<b>Goodwill &amp; Int.</b>	14171	14335	14874	15560	14996	20472	22341	22773	19685	19297
<b>Total Liabilities</b>	27047	28906	28788	27856	27667	30898	34599	42805	39415	39973
<b>Accounts Payable</b>	4344	4738	4736	5174	5365	5580	5690	6584	5607	5730
<b>Long-Term Debt</b>	6644	7555	7496	8829	8683	12068	15775	17882	16214	16002
<b>Total Equity</b>	10666	10806	12975	17467	17657	18283	19369	16502	18180	18494
<b>D/E Ratio</b>	0.62	0.70	0.58	0.51	0.49	0.66	0.81	1.08	0.89	0.87

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	5.5%	5.3%	7.2%	9.0%	9.3%	10.1%	9.3%	2.7%	11.5%	10.6%
<b>Return on Equity</b>	20.7%	19.3%	24.6%	25.8%	24.1%	26.5%	25.6%	8.6%	39.0%	33.5%
<b>ROIC</b>	11.9%	11.5%	15.0%	16.7%	16.0%	16.7%	14.6%	4.4%	19.6%	17.7%
<b>Shares Out.</b>	783	775	783	784	782	770	761	751	740	723
<b>Revenue/Share</b>	41.43	46.15	47.56	48.98	50.69	48.88	50.69	52.50	55.51	50.27
<b>FCF/Share</b>	4.55	2.57	3.32	4.25	5.01	5.63	5.68	6.39	7.44	8.30

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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# Coca-Cola Co. (KO)

## Overview & Current Events

The Coca-Cola Company is the world's largest beverage company, owning or licensing more than 500 different drink brands, all of which are non-alcoholic. The company was founded in 1886 with a single product – the original Coca-Cola – but now distributes beverages in nearly every country in the world, accounting for about two billion individual servings every day worldwide. The company produces about \$33 billion in annual revenue and trades with a market capitalization of \$215 billion.

Coca-Cola's Q2 earnings were released on July 21<sup>st</sup>. Revenue missed expectations by a fairly wide margin, but adjusted profits were better than expected during the quarter.

Organic revenue declined 26% in Q2 as concentrate volumes fell 22% and pricing and mix fell a further 4%. The company cited the away-from-home business as suffering during Q2 given restaurants, sports venues, movie theaters, and other destinations where its products are typically consumed were closed. Weakness was present in all of the company's geographic segments, with North America producing a decline of 18%.

Margins held up nicely, declining just 30bps to 30% of revenue. This helped adjusted earnings-per-share to come in at \$0.42 in Q2, slightly besting expectations of \$0.41. After the Q2 report, we reduced our estimate of earnings-per-share for this year to \$1.80.

## Safety

Coca-Cola's competitive advantages include its portfolio of brands that is unmatched. In addition, its supply chain is unparalleled in terms of distributing beverages globally at favorable costs. These advantages have been durable for decades, and the company has only strengthened its competitive position with recent acquisitions.

Generally, Coca-Cola's recession resistance is strong. Indeed, it produced strong earnings growth from 2007 to 2010, during the Great Recession. While earnings are expected to dip this year, we see a swift rebound out of the current recession.

Dividend safety has declined somewhat in recent years as growth in the payout has outpaced earnings growth. The current payout ratio is high at 91%, but we expect that to fall over time as earnings growth catches up to smaller increases in the dividend.

## Growth Prospects

We expect Coca-Cola to grow at 7.5% annually in the years ahead from the relatively low base of 2020 earnings. The company's organic revenue growth should pick up in 2021 and beyond as venues are reopened. In addition, its margin improvement efforts are bearing fruit, along with a steady stream of share repurchases. Coca-Cola's portfolio improvements, such as moving into coffee, should keep earnings growing for many years to come, in addition to its core suite of extremely popular brands.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	58	<b>5-Year Growth Estimate:</b>	7.5%
<b>Dividend Yield:</b>	3.3%	<b>Most Recent Dividend Increase:</b>	2.5%
<b>Dividend Risk Score:</b>	B	<b>Stock Price:</b>	\$50

### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	35119	46542	48017	46854	45998	44294	41863	35410	31856	37,266
<b>Gross Profit</b>	22426	28327	28964	28433	28109	26812	25398	22154	20086	22,647
<b>Gross Margin</b>	63.9%	60.9%	60.3%	60.7%	61.1%	60.5%	60.7%	62.6%	63.1%	60.8%
<b>SG&amp;A Exp.</b>	13194	17422	17738	17310	17218	16427	15262	12496	10307	12,103
<b>D&amp;A Exp.</b>	1443	1954	1982	1977	1976	1970	1787	1260	1086	1,365
<b>Operating Profit</b>	8413	10173	10779	10228	9708	10240	9750	9427	8700	10,086
<b>Op. Margin</b>	24.0%	21.9%	22.4%	21.8%	21.1%	23.1%	23.3%	26.6%	27.3%	27.1%
<b>Net Profit</b>	11787	8584	9019	8584	7098	7351	6527	1248	6434	8,920
<b>Net Margin</b>	33.6%	18.4%	18.8%	18.3%	15.4%	16.6%	15.6%	3.5%	20.2%	23.9%
<b>Free Cash Flow</b>	7317	6554	7865	7992	8209	7975	6534	5431	6280	8,417
<b>Income Tax</b>	2370	2812	2723	2851	2201	2239	1586	5560	1623	1,801

### Balance Sheet Metrics

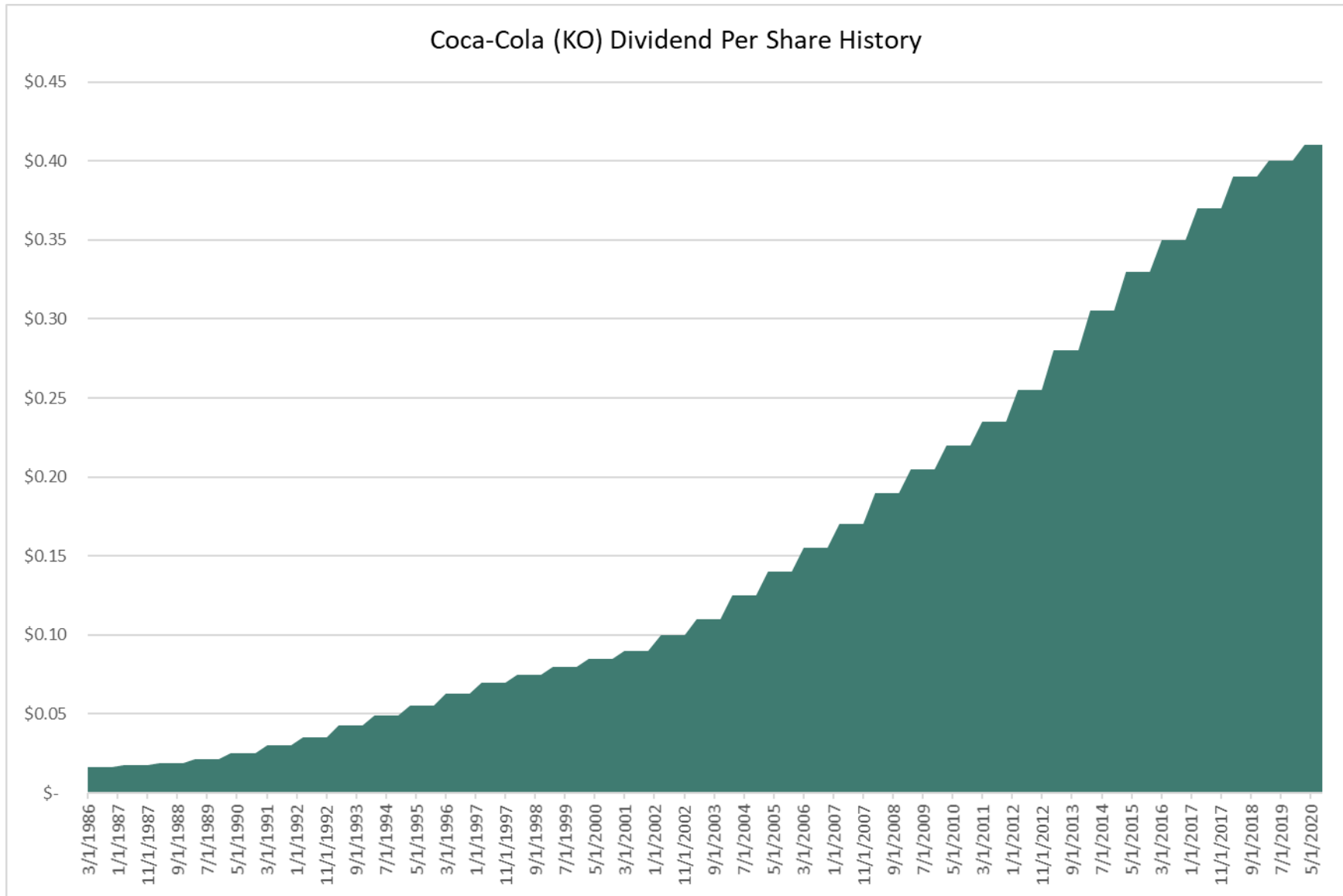
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	72921	79974	86174	90055	92023	89996	87270	87896	83216	86,381
<b>Cash &amp; Equivalents</b>	8517	12803	8442	10414	8958	7309	8555	6006	8926	6,480
<b>Acc. Receivable</b>	4430	4920	4759	4873	4466	3941	3856	3667	3396	3,971
<b>Inventories</b>	2650	3092	3264	3277	3100	2902	2675	2655	2766	3,379
<b>Goodwill &amp; Int.</b>	26909	27669	27337	27611	26372	24132	21128	16636	17270	26,766
<b>Total Liabilities</b>	41604	48053	53006	56615	61462	64232	64050	68919	64158	65,283
<b>Accounts Payable</b>	1887	2172	1969	1933	2089	2795	2682	2288	8932	11,312
<b>Long-Term Debt</b>	23417	28568	32610	37079	41745	44116	45709	47685	43555	42,763
<b>Total Equity</b>	31003	31635	32790	33173	30320	25554	23062	17072	16981	18,981
<b>D/E Ratio</b>	0.76	0.90	0.99	1.12	1.38	1.73	1.98	2.79	2.56	2.25

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	19.4%	11.2%	10.9%	9.7%	7.8%	8.1%	7.4%	1.4%	7.5%	10.5%
<b>Return on Equity</b>	42.2%	27.4%	28.0%	26.0%	22.4%	26.3%	26.9%	6.2%	37.8%	49.6%
<b>ROIC</b>	25.6%	14.9%	14.3%	12.6%	9.9%	10.3%	9.4%	1.8%	10.0%	14.1%
<b>Shares Out.</b>	4,584	4,526	4,469	4,402	4,366	4,324	4,288	4,259	4,250	4,314
<b>Revenue/Share</b>	7.53	10.02	10.47	10.39	10.34	10.06	9.59	8.19	7.41	8.64
<b>FCF/Share</b>	1.57	1.41	1.72	1.77	1.84	1.81	1.50	1.26	1.46	1.95

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.





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# Mondelez International Inc. (MDLZ)

## Overview & Current Events

Mondelez International was formed in 1989 as a result of the merger between Philip Morris and General Foods Corp. The company has undergone a slew of mergers and spinoffs since that time. In 2012, Mondelez spun off its North American grocery business, which is now part of Kraft Heinz (KHC). Mondelez International is a global food producer that generates over \$25 billion in annual revenue.

Mondelez reported second-quarter results on 7/28/20. For the quarter, net revenue fell 2.5% due to unfavorable currency fluctuations, but organic revenue increased 0.7%. Net revenue grew 17% in North America, thanks to volume growth, favorable mix, and price increases. However, weak performance abroad mostly negated the growth in North America. For example, organic revenue declined 11% in Latin America, due to a 19% drop in volume and mix. Separately, organic revenue declined 3% in the Asia, Middle East & Africa segment. On a constant-currency basis, adjusted earnings-per-share (EPS) rose 16.1% to \$0.69 for the quarter.

## Safety

Mondelez International's primary competitive advantage is its portfolio of leading brands. The company produces a number of popular brands that are consumed everyday by millions of people. Just a few of its core brands include Oreo, Ritz, Triscuit, belVita, Trident, Cadbury, and Milka.

Maintaining a portfolio of leading brands enables consistent cash flow generation, even during recessions, while also allowing the company to raise prices each year for higher revenue. While data for Mondelez International from the Great Recession is not available as the company was not an independent company then, the former Kraft Foods saw its EPS from continuing operations decline 25% in 2008 before soaring 72% in 2009. This serves as at least some indication of the company's ability to withstand recessions relatively well.

Mondelez has a projected dividend payout ratio of 51% so the dividend is well-covered. The company has increased its dividend every year since its first full year as a stand-alone company in 2013.

## Growth Prospects

We expect 7% annual earnings-per-share growth over the next five years. This growth will be achieved through a combination of organic revenue growth through price increases, as well as share repurchases. Emerging markets will be a specific growth catalyst, making up 37% of its 2019 revenue. These regions are expected to see higher economic growth than developed nations.

Mondelez International is not a high-yield stock, but it makes up for this with high dividend growth. The company raised its dividend by 10.5% in July. Dividends are expected to grow at a similar rate as earnings-per-share moving forward.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	7	<b>5-Year Growth Estimate:</b>	7.0%
<b>Dividend Yield:</b>	2.2%	<b>Most Recent Dividend Increase:</b>	10.5%
<b>Dividend Risk Score:</b>	B	<b>Stock Price:</b>	\$58

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### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue	31489	35810	35015	35299	34244	29636	25923	25896	25938	25868
Gross Profit	11872	13100	13076	13110	12597	11512	10104	10034	10352	10337
Gross Margin	37.7%	36.6%	37.3%	37.1%	36.8%	38.8%	39.0%	38.7%	39.9%	40.0%
SG&A Exp.	9,140	9,382	9,176	8,679	8,457	7,577	6,546	5,938	6,475	6,136
D&A Exp.	1,440	1,485	1,345	1,077	1,059	894	823	816	811	1,047
Operating Profit	2,522	3,493	3,683	4,214	3,934	3,754	3,382	3,918	3,701	4,027
Operating Margin	8.0%	9.8%	10.5%	11.9%	11.5%	12.7%	13.0%	15.1%	14.3%	15.6%
Net Profit	4,114	3,554	3,067	3,915	2,184	7,267	1,635	2,828	3,381	3,870
Net Margin	13.1%	9.9%	8.8%	11.1%	6.4%	24.5%	6.3%	10.9%	13.0%	15.0%
Free Cash Flow	2,087	2,749	2,313	4,788	1,920	2,214	1,614	1,579	2,853	3,040
Income Tax	54	116	168	60	353	593	114	666	773	2

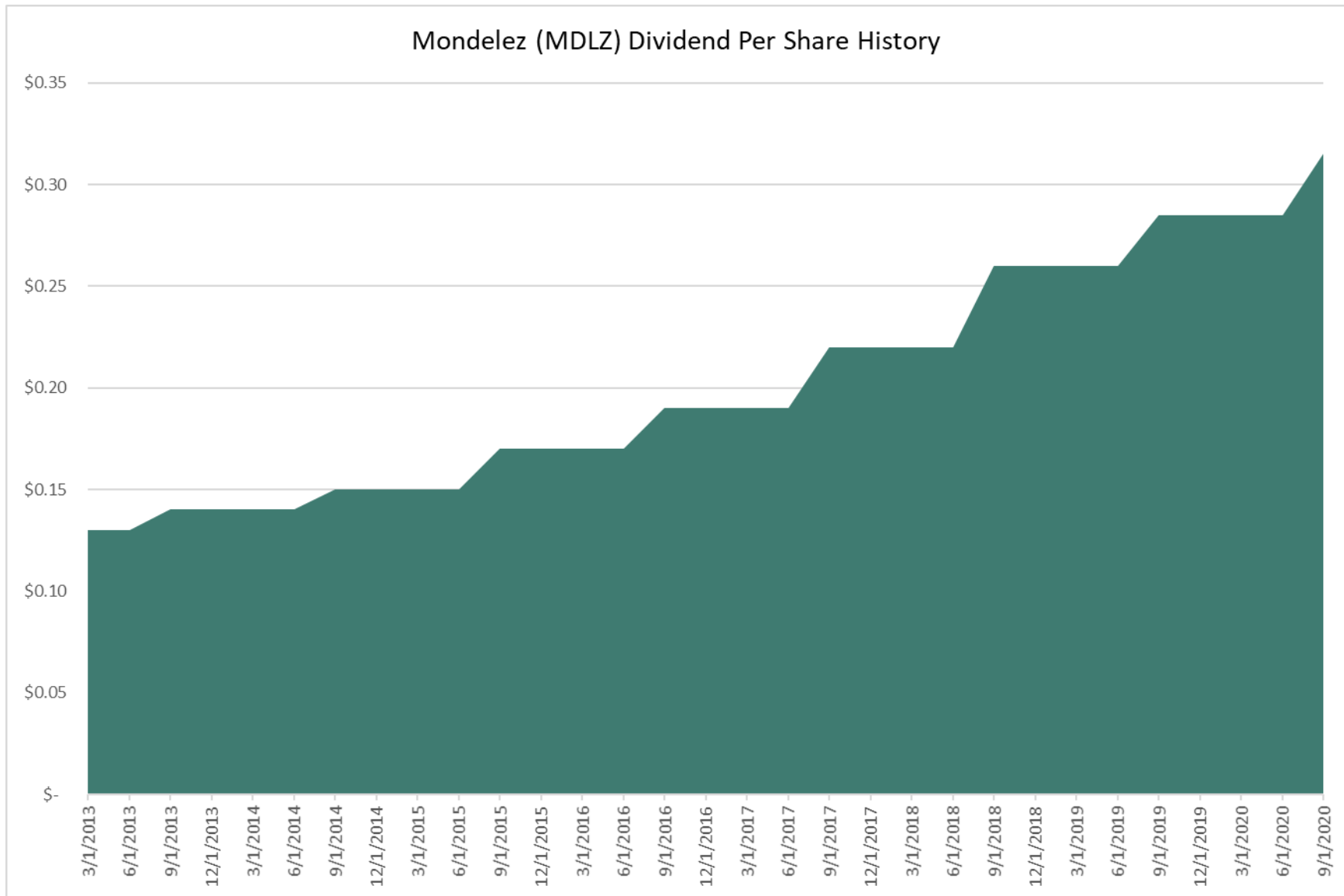
### Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Assets (B)	95	94	75	73	67	63	62	63	63	65
Cash & Equivalents	2,481	1,974	4,475	2,622	1,631	1,870	1,741	761	1,100	1,291
Accounts Receivable	6,539	6,361	6,129	4,463	3,802	2,634	2,611	2,691	2,262	2,212
Inventories	5,310	5,706	3,741	3,743	3,480	2,609	2,469	2,557	2,592	2,546
Goodwill & Int. Ass.	63819	62483	48292	47591	43724	39432	38377	39724	38727	38805
Total Liabilities	59347	58509	43061	39983	38918	34743	36323	36883	37016	37198
Accounts Payable	5,409	5,525	4,642	5,345	5,299	4,890	5,318	5,705	5,794	5,853
Long-Term Debt	28724	26931	19425	17079	16656	15398	17199	17652	18372	18426
Shareholder's Equity	35834	35217	32276	32373	27750	28012	25161	25994	25637	27275
D/E Ratio	0.80	0.76	0.60	0.53	0.60	0.55	0.68	0.68	0.72	0.68

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Return on Assets	5.1%	3.8%	3.6%	5.3%	3.1%	11.2%	2.6%	4.5%	5.4%	6.1%
Return on Equity	13.3%	10.0%	9.1%	12.1%	7.3%	26.1%	6.1%	11.1%	13.1%	14.6%
ROIC	7.5%	5.6%	5.4%	7.7%	4.6%	16.5%	3.8%	6.6%	7.7%	8.6%
Shares Out.	1,748	1,768	1,778	1,705	1,664	1,580	1,528	1,488	1,470	1,453
Revenue/Share	18.31	20.21	19.57	19.73	20.04	18.10	16.48	16.91	17.45	17.74
FCF/Share	1.21	1.55	1.29	2.68	1.12	1.35	1.03	1.03	1.92	2.09

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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# NextEra Energy Inc. (NEE)

## Overview & Current Events

NextEra Energy (NEE) is an electric utility with three operating segments: Florida Power & Light (“FPL”), NextEra Energy Resources (“NEER”), and Gulf Power. FPL and Gulf Power are rate-regulated electric utilities that serve about 5.5 million customer accounts in Florida, while NEER is the largest generator of wind and solar energy in the world. NextEra Energy was founded in 1925 and has grown into an energy giant that today generates roughly two-thirds of adjusted earnings from its electric utilities and the remainder from NEER.

NextEra Energy reported its second-quarter financial results on 7/24/20, reporting revenues of \$4.2 billion, a decline of 15% year-over-year. Its Q1 adjusted earnings climbed almost 14% to \$1,286 million. Adjusted earnings-per-share (EPS) rose 11% year-over-year to \$2.61. FPL experienced 11% adjusted EPS growth from investments, easily offsetting COVID-19 impacts and unfavorable weather for Gulf Power. NEER’s adjusted EPS growth of 14% was the strongest of the three segments. It also added about 1,730 MW to its backlog and expects its 2020 wind and solar projects to be online this year as planned.

## Safety

Due to the regulations that are levied upon utilities, there are few competitive risks to NextEra’s businesses. As one of the largest utilities in the United States, it also benefits from significant economies of scale, which serves as a competitive advantage. Its focus on higher-growth renewable energy projects should allow NextEra Energy to continue to grow faster than its peers as well.

Utilities are not active in a cyclical industry, which is why economic downturns do not significantly harm NextEra Energy’s bottom line. The company performed very well during the Great Recession, seeing adjusted EPS fall just 2.5% in 2009 before recovering to a new high in 2010.

NextEra Energy has established a compelling dividend growth track record over the last decade made possible by a combination of earnings growth and a rising payout ratio. It plans to raise the dividend payout ratio further over the coming years, as the company targets a dividend growth rate of about 10% through at least 2022, whereas EPS will not grow as quickly. The payout ratio is reasonable for a stable utility at 63% of expected fiscal 2020 earnings.

## Growth Prospects

NextEra Energy expects its adjusted EPS to have a compound annual growth rate of 6% to 8% through 2021. This stable utility estimates it will be able to increase the dividend by about 10% per year through at least 2022.

The main growth driver will be investments in new renewable energy projects. We believe that the growth runway remains long because the company’s focus on renewable energy assets puts it in a high growth, cutting edge industry that will have increasing demand for years to come.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	25	<b>5-Year Growth Estimate:</b>	7.0%
<b>Dividend Yield:</b>	1.9%	<b>Most Recent Dividend Increase:</b>	12.0%
<b>Dividend Risk Score:</b>	B	<b>Stock Price:</b>	\$298

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### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	15,643	15,317	15,341	14,256	15,136	17,021	17,486	16,138	17,173	16,727
<b>Gross Profit</b>	8,238	6,198	6,083	5,980	6,984	8,270	8,890	8,617	9,644	9,665
<b>Gross Margin</b>	52.7%	40.5%	39.7%	41.9%	46.1%	48.6%	50.8%	53.4%	56.2%	57.8%
<b>D&amp;A Exp.</b>	2,004	2,073	1,849	1,777	2,521	2,896	3,203	3,428	2,638	4,147
<b>Operating Profit</b>	2,594	3,246	3,312	3,276	3,541	4,357	4,662	4,154	4,577	4,243
<b>Operating Margin</b>	16.6%	21.2%	21.6%	23.0%	23.4%	25.6%	26.7%	25.7%	26.7%	25.4%
<b>Net Profit</b>	1,615	1,957	1,923	1,911	1,908	2,465	2,752	2,906	5,380	6,638
<b>Net Margin</b>	10.3%	12.8%	12.5%	13.4%	12.6%	14.5%	15.7%	18.0%	31.3%	39.7%
<b>Free Cash Flow</b>	1,525	887	47	(878)	1,898	2,071	2,217	2,129	1,013	583
<b>Income Tax</b>	327	532	529	692	777	1,176	1,228	1,379	(660)	1,576

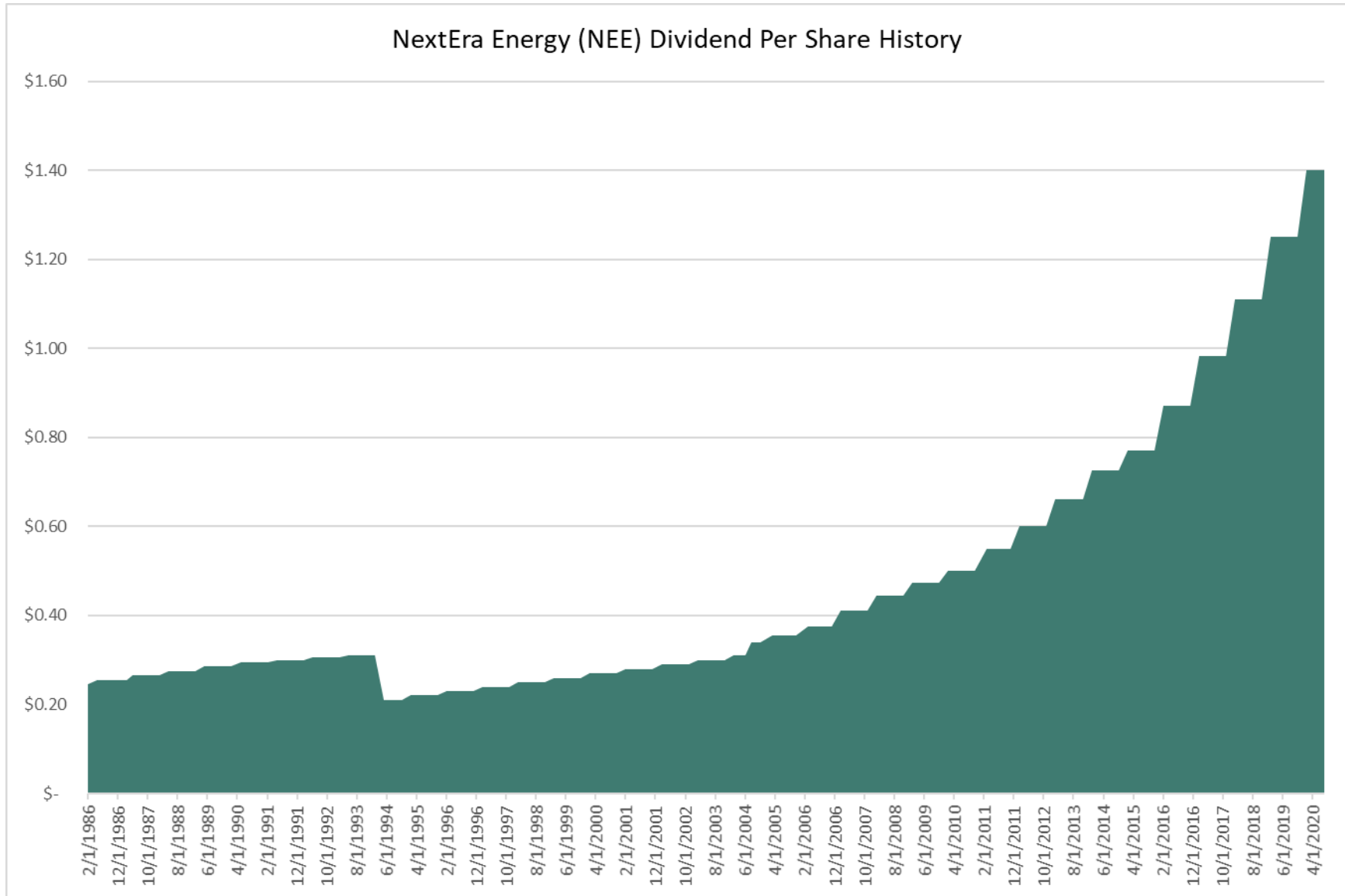
### Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	48,458	52,994	57,188	64,439	69,306	74,605	82,479	89,993	97,963	103,702
<b>Cash</b>	238	302	377	329	438	577	571	1,292	1,714	638
<b>Accts Rec.</b>	1,431	1,509	1,372	1,487	1,777	1,805	1,784	1,784	2,220	2,302
<b>Inventories</b>	877	857	1,074	1,073	1,153	1,292	1,259	1,289	1,273	1,223
<b>Goodwill</b>									2,051	1,599
<b>Tot. Liab.</b>	35,491	38,533	42,245	48,371	51,266	54,437	59,367	64,662	68,432	66,289
<b>Accts Pay.</b>	992	1,124	1,191	1,281	1,200	1,354	2,529	3,447	3,235	2,386
<b>LT Debt</b>	18,889	20,822	22,967	27,359	28,426	28,701	29,687	30,840	35,025	37,712
<b>Sh. Equity</b>	12,967	14,461	14,943	16,068	18,040	19,916	22,574	24,341	28,236	34,144
<b>D/E Ratio</b>	1.46	1.44	1.54	1.70	1.58	1.44	1.32	1.27	1.24	1.10

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	3.5%	3.9%	3.5%	3.1%	2.9%	3.4%	3.5%	3.4%	5.7%	6.6%
<b>Return on Equity</b>	13.1%	14.3%	13.1%	12.3%	11.2%	13.0%	13.0%	12.4%	20.5%	21.3%
<b>ROIC</b>	5.3%	5.8%	5.3%	4.7%	4.2%	5.2%	5.4%	5.3%	8.9%	9.5%
<b>Shares Out.</b>	421	416	424	435	443	461	468	471	477	491
<b>Revenue/Share</b>	38.42	37.09	36.61	34.01	35.45	38.68	38.52	34.65	36.35	35.07
<b>FCF/Share</b>	3.75	2.15	0.11	(2.09)	4.45	4.71	4.88	4.57	2.14	1.22

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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# Republic Services Inc. (RSG)

## Overview & Current Events

Republic Services is an industry leader and national provider of recycling and non-hazardous solid waste disposal, operating in 41 states. The company holds around 20% market share of the landfill volume in the United States. The stock has a market cap of \$30 billion, while the company generated over \$10 billion in revenue on a trailing twelve-month basis.

On August 6th, 2020, Republic Services reported its second-quarter results. For the quarter, revenue declined 6% year-over-year, but earnings-per-share increased 3%. The decline in sales was due to customers temporarily suspending or reducing service levels. Volume decreased by 7.4% versus the prior year. Still, the company expanded its adjusted EBITDA margin by 170 basis points, and also grew earnings. Management expects to generate \$1.1 billion to \$1.175 billion of adjusted free cash flow for the full year, suggesting an increase of at least 10% compared to 2019. Finally, the company increased its quarterly dividend by 4.9%.

## Safety

The company's large market share is clear evidence of competitive advantage. With the three largest operators having captured more than 75% of the industry and continuous consolidation, an entry in the market by new competitors is difficult. The long-term contracts tied to annual rate increases, as well as Republic Services' robust customer base (which includes municipalities), allow it to operate with very low volatility.

The trash-collection industry benefits from predictable cash flows because of its non-cyclical business model. As a result, Republic Services has been able to return capital to its shareholders consistently for many years. While the dividend has been growing for the past 16 years, the company has never cut its distributions since its first dividend in 2004. During the Great Recession, earnings-per-share declined 21% in 2009, but bounced back with 13% growth in 2010 and 15% growth in 2011.

We view the dividend as highly safe. The company has an expected payout ratio of 52% for 2020, which indicates sufficient coverage of the dividend.

## Growth Prospects

Republic Services generated annualized 11% earnings-per-share growth and 8% dividend growth each year over the last decade. We expect 6% annual earnings-per-share growth over the next five years. Revenue growth will be achieved through customer additions and rate increases. Earnings-per-share growth will also be derived in part by share repurchases.

We expect Republic Services will continue to grow its dividend-per-share in the mid-single-digits on an annual basis moving forward. This will allow the company to continue preserving liquidity and investing in growth.

## Key Statistics, Ratios, & Metrics

<b>Years of Dividend Increases:</b>	16	<b>5-Year Growth Estimate:</b>	6.0%
<b>Dividend Yield:</b>	1.8%	<b>Most Recent Dividend Increase:</b>	4.9%
<b>Dividend Risk Score:</b>	B	<b>Stock Price:</b>	\$93

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### Income Statement Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>	\$8,107	\$8,193	\$8,118	\$8,417	\$8,803	\$9,115	\$9,388	\$10,042	\$10,041	\$10,299
<b>Gross Profit</b>	\$3,342	\$3,328	\$3,113	\$3,183	\$3,160	\$3,596	\$3,624	\$3,827	\$3,891	\$4,001
<b>Gross Margin</b>	41.2%	40.6%	38.3%	37.8%	35.9%	39.5%	38.6%	38.1%	38.8%	38.8%
<b>SG&amp;A Exp.</b>	\$834	\$804	\$827	\$995	\$898	\$965	\$955	\$1,059	\$1,013	\$1,042
<b>Operating Profit</b>	\$1,522	\$1,531	\$1,283	\$1,176	\$1,217	\$1,519	\$1,578	\$1,652	\$1,729	\$1,803
<b>Operating Margin</b>	18.8%	18.7%	15.8%	14.0%	13.8%	16.7%	16.8%	16.5%	17.2%	17.5%
<b>Net Profit</b>	\$507	\$589	\$572	\$589	\$548	\$750	\$613	\$1,278	\$1,037	\$1,073
<b>Net Margin</b>	6.2%	7.2%	7.0%	7.0%	6.2%	8.2%	6.5%	12.7%	10.3%	10.4%
<b>Free Cash Flow</b>	\$639	\$830	\$610	\$667	\$667	\$734	\$920	\$921	\$1,171	\$1,145
<b>Income Tax</b>	\$370	\$317	\$252	\$262	\$337	\$446	\$353	\$3	\$283	\$222

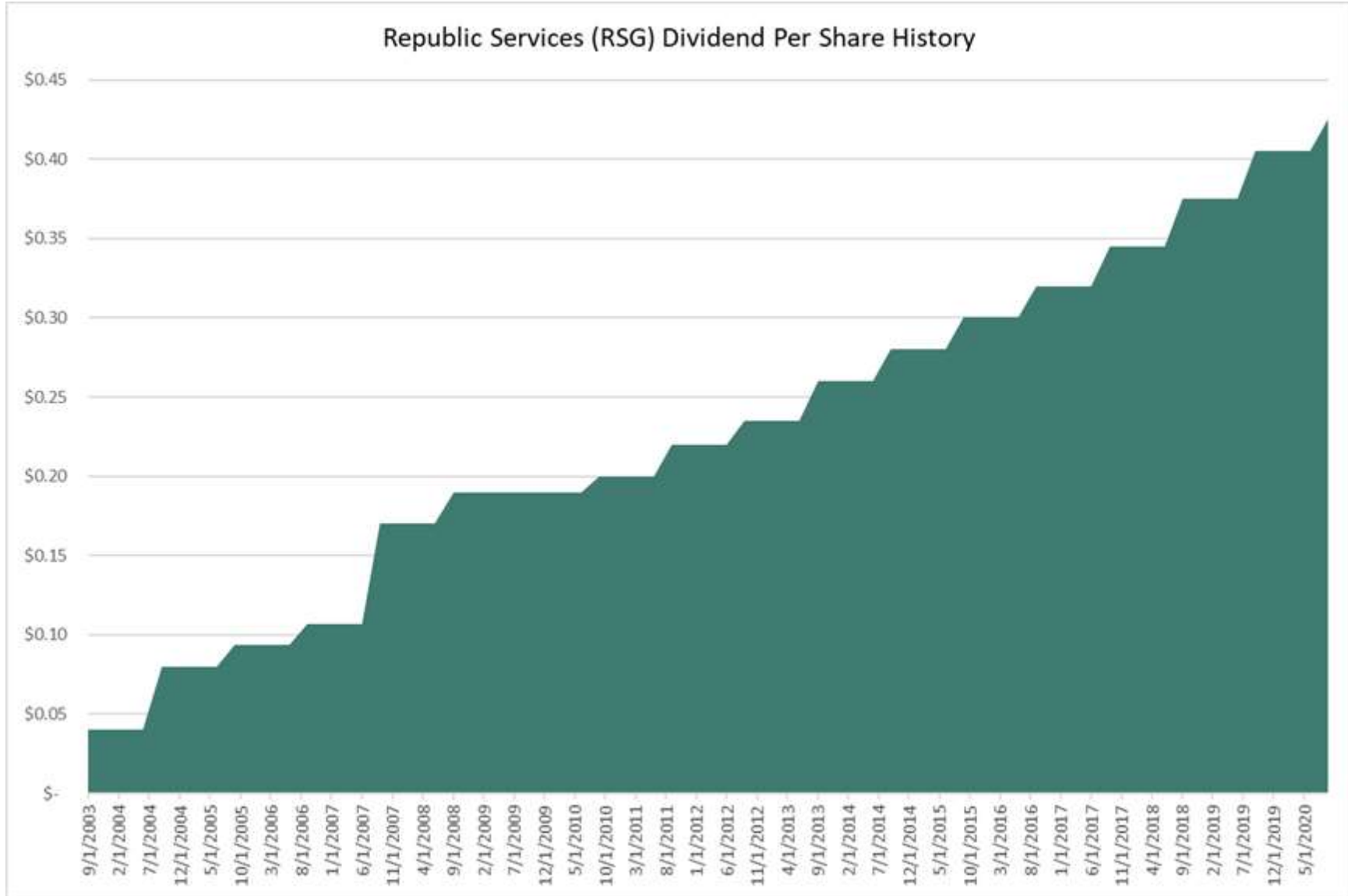
### Balance Sheet Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Assets</b>	19462	19552	19617	19949	20094	20536	20630	21147	21617	22684
<b>Cash &amp; Equivalents</b>	\$88	\$66	\$68	\$213	\$75	\$32	\$68	\$83	\$71	\$47
<b>Accounts Receivable</b>	\$829	\$826	\$837	\$891	\$930	\$963	\$995	\$1,106	\$1,103	\$1,126
<b>Inventories</b>	\$31	\$35	\$35	\$38	\$36	\$39	\$44	\$51	\$53	\$57
<b>Goodwill &amp; Int. Ass.</b>	11107	11057	11049	11040	11130	11392	11346	11457	11507	11767
<b>Total Liabilities</b>	11613	11868	11911	12043	12346	12759	12936	13186	13688	14563
<b>Accounts Payable</b>	\$607	\$564	\$475	\$511	\$527	\$577	\$554	\$598	\$762	\$778
<b>Long-Term Debt</b>	\$6,744	\$6,922	\$7,071	\$7,018	\$7,061	\$7,533	\$7,659	\$8,187	\$8,338	\$8,689
<b>Shareholder's Equity</b>	\$7,847	\$7,681	\$7,703	\$7,904	\$7,745	\$7,774	\$7,691	\$7,959	\$7,927	\$8,118
<b>D/E Ratio</b>	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1

### Profitability & Per Share Metrics

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Return on Assets</b>	2.6%	3.0%	2.9%	3.0%	2.7%	3.7%	3.0%	6.1%	4.8%	4.8%
<b>Return on Equity</b>	6.6%	7.6%	7.4%	7.5%	7.0%	9.7%	7.9%	16.3%	13.1%	13.4%
<b>ROIC</b>	3.5%	4.0%	3.9%	4.0%	3.7%	5.0%	4.0%	8.1%	6.4%	6.5%
<b>Shares Out.</b>	385	378	368	363	358	351	344	339	328	322
<b>Revenue/Share</b>	\$21.05	\$21.70	\$22.06	\$23.16	\$24.58	\$25.94	\$27.26	\$29.62	\$30.58	\$31.99
<b>FCF/Share</b>	\$1.66	\$2.20	\$1.66	\$1.84	\$1.86	\$2.09	\$2.67	\$2.72	\$3.57	\$3.56

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.



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## Closing Thoughts

# - What Is Rising Passive Income & Why Is It Important? -

‘Passive’ income is a buzzword in the personal finance space. You can find ‘passive’ income ideas online like selling information products, generating affiliate income, or generating rental income from real estate investments.

The problem is that *none of the above are truly passive*. Take it from someone who runs an investment newsletter – online ‘information products’ are *far* from passive. The same goes for affiliate income. And rental income from real estate investments must be managed also.

While there’s an abundance of information available about not-so passive income, there’s much less out there on *real* passive income. Real passive income comes in without having you do anything once it’s set up. Very few opportunities match this definition of passive income. And yet it’s of critical importance for real financial freedom.

Even fewer investment opportunities can generate *rising* passive income. The pernicious effects of inflation will slowly erode the purchasing power of a stable (not growing) passive income stream.

One of the only investments that offers both *real* set-and-forget passive income and *has the potential* to generate income growth over time is dividend growth securities. And among securities that increase their dividends in a given year, a much smaller number are likely to continue paying rising dividends far into the future.

To accomplish this feat a company must have a strong and above all else, durable competitive advantage, that allows it to adapt and grow.

The payoff in finding such opportunities is true rising passive income. I know of no better investment for set-and-forget rising passive income than high-quality dividend growth stocks.

True rising passive income is important because it helps guard one’s financial life and future against the unknown. Also, not *having to* check on and constantly manage a portfolio affords an investor peace of mind while freeing up time that can be spent elsewhere.

And perhaps most importantly of all, investments intended to be purchased and held forever can be passed on (depending of course on estate and other tax conditions). Intelligent long-term financial decisions made by one generation can benefit future generations.

Thanks,

Ben Reynolds

**The next *Sure Passive Income Newsletter* publishes on Sunday, November 15<sup>th</sup>, 2020**

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#### Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this newsletter should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in securities. Past performance is not a guarantee of future performance.

## Buying & Ranking Criteria

The method we use to come up with the Top 10 list for *The Sure Passive Income Newsletter* is as follows:

**Note:** Ranking data is from the preceding Wednesday's Sure Analysis data update.

1. Filter our *Sure Analysis Research Database* universe of securities for:
  - Dividend yield greater than or equal to the S&P 500's
  - A & B Dividend Risk Scores
  - U.S. securities only (no international securities)
2. Rank securities by 5-year forward dividend growth rate and 5-year historical price standard deviation
3. Sort securities by their average ranking between standard deviation and expected growth rate
4. No more than three companies per sector
5. Veto any securities from the Top 10 as necessary after qualitative analysis
6. The Top 10 is the 10 highest ranked securities from steps 1 through 5
7. "A" Dividend Risk Score securities rank ahead of "B" Dividend Risk Score securities within the Top 10. Within each Dividend Risk Score category, the Top 10 order will be sorted by dividend yield + expected 5-year growth rate (the higher the better).

To receive an "A" Dividend Risk Score, a security must be in the top 20% for dividend safety. To receive a "B" Dividend Risk Score, a security must be in the top 40% for dividend safety. The formula for the Dividend Risk Score is below:

**Dividend Risk Score (Raw) = Payout Ratio x 100 – # Years of Rising Dividends + 50 if deemed risky during a recession**

We view securities with "A" and "B" Dividend Risk Scores as generally having secure dividends that are very unlikely to be reduced in the near future. Note that the Dividend Risk Score factors in dividend history also.

The combination of quality screens (low security price standard deviation and our Dividend Risk Score) with at least market average yield and solid growth prospects identifies securities suitable for buy and hold investing for rising passive income over time.

## Portfolio Building Guide

The process of building a buy and hold rising passive income portfolio is outlined on this page.

**Each month invest in the top-ranked security in which you own the smallest dollar amount out of the Top 10.** If you already have 25% or more of your equity portfolio in a specific sector, avoid purchasing additional securities from that sector until a purchase would not push your allocation in the sector above 25%.

Over time, you will build a diversified portfolio of high-quality securities likely to pay you rising income over time.

Alternatively, the Top 10 list is also useful as an idea generation tool for those with a different portfolio allocation plan.

### Examples

Portfolio 1		
Ticker	Name	Amount
ATO	Atmos Energy	\$ 1,002
MDT	Medtronic	\$ -
JNJ	Johnson & Johnson	\$ -
CL	Colgate-Palmolive	\$ -
LMT	Lockheed Martin	\$ -
HON	Honeywell	\$ -
KO	Coca-Cola	\$ -
MDLZ	Mondelez	\$ -
NEE	NextEra Energy	\$ -
RSG	Republic Services	\$ -

Portfolio 2		
Ticker	Name	Amount
ATO	Atmos Energy	\$ 4,374
MDT	Medtronic	\$ 4,878
JNJ	Johnson & Johnson	\$ 4,353
CL	Colgate-Palmolive	\$ 7,428
LMT	Lockheed Martin	\$ 3,309
HON	Honeywell	\$ 8,099
KO	Coca-Cola	\$ 5,629
MDLZ	Mondelez	\$ 2,176
NEE	NextEra Energy	\$ 1,079
RSG	Republic Services	\$ 4,864

- If you had portfolio 1, you would buy MDT, the top-ranked security you own least.
- If you had portfolio 2, you would buy NEE, the top-ranked security you own least.

If you have an existing portfolio or a large lump sum to invest, you may wish to switch over to the Sure Dividend Strategy over a 30-month period. Each month take 1/30 of your initial portfolio value and buy the top-ranked security you own the least out of the Top 10, subject to the 25% sector allocation rule discussed earlier. A portfolio with 30 stocks purchased with equal dollar amounts will have a high level of firm specific diversification.

There's no upper limit to the number of securities that can be held in a buy and hold portfolio because securities need not be monitored as closely after purchasing. As a result, investors still in the accumulation phase can further diversify by adding a greater number of securities over time.

If you are not ready to use the dividend income from your portfolio, set your securities to reinvest dividends so that your portfolio automatically reinvests its dividend proceeds. This will have the effect of compounding your portfolio's dividend income stream faster, as you benefit from having more shares in the companies and will likely be getting rising dividends from each share as well.

This simple investing process will build a diversified portfolio very likely to generate rising passive income over time.

# List of Securities by Dividend Risk Score

Each of the securities in the [Sure Analysis Research Database](#) are grouped according to Dividend Risk Score and sorted (from highest to lowest) by expected 5 year growth rate. Dividend or distribution yield is included next to each security's ticker symbol. The Dividend Risk Score uses payout ratio, dividend history, and recession resiliency to measure a company's dividend safety. You can learn more about how the score is calculated in the [Sure Analysis Glossary](#). See our ['Buying and Ranking Criteria'](#) for more information.

## A-Rated Dividend Risk Securities

1. Tencent Holdings Ltd. (TCEHY): 0.2%
2. Ecolab, Inc. (ECL): 0.9%
3. Stryker Corp. (SYK): 1%
4. Franklin Electric Co., Inc. (FELE): 1%
5. H.B. Fuller Co. (FUL): 1.7%
6. L3Harris Technologies, Inc. (LHX): 1.6%
7. Northrop Grumman Corp. (NOC): 1.7%
8. Lowe's Cos., Inc. (LOW): 1.3%
9. Donaldson Co., Inc. (DCI): 1.7%
10. UnitedHealth Group, Inc. (UNH): 1.4%
11. Becton, Dickinson & Co. (BDX): 1.3%
12. Parker-Hannifin Corp. (PH): 1.6%
13. Costco Wholesale Corp. (COST): 0.7%
14. Dollar General Corp. (DG): 0.6%
15. NIKE, Inc. (NKE): 0.8%
16. Jack Henry & Associates, Inc. (JKHY): 1%
17. W.W. Grainger, Inc. (GWG): 1.5%
18. Enterprise Bancorp, Inc. (EBTC): 3.1%
19. S&P Global, Inc. (SPGI): 0.7%
20. Domino's Pizza, Inc. (DPZ): 0.7%
21. Microsoft Corp. (MSFT): 0.9%
22. Apple, Inc. (AAPL): 0.6%
23. West Pharmaceutical Services, Inc. (WST): 0.2%
24. Roper Technologies, Inc. (ROP): 0.5%
25. Ameriprise Financial, Inc. (AMP): 2.4%
26. Tennant Co. (TNC): 1.4%
27. Oracle Corp. (ORCL): 1.6%
28. Applied Materials, Inc. (AMAT): 1.3%
29. SEI Investments Co. (SEIC): 1.3%
30. Dover Corp. (DOV): 1.7%
31. The Gorman-Rupp Co. (GRC): 1.7%
32. Moody's Corp. (MCO): 0.7%
33. Brown & Brown, Inc. (BRO): 0.7%
34. CSX Corp. (CSX): 1.2%
35. Computer Services, Inc. (CSVI): 1.4%
36. Abbott Laboratories (ABT): 1.3%
37. McCormick & Co., Inc. (MKC): 1.2%
38. Stanley Black & Decker, Inc. (SWK): 1.6%
39. PPG Industries, Inc. (PPG): 1.5%
40. Nordson Corp. (NDSN): 0.8%
41. SJW Group (SJW): 2%
42. Canadian Pacific Railway Ltd. (CP): 0.8%
43. Tractor Supply Co. (TSCO): 0.9%
44. Carlisle Cos., Inc. (CSL): 1.6%
45. Atmos Energy Corp. (ATO): 2.4%
46. Advance Auto Parts, Inc. (AAP): 0.4%
47. Medtronic Plc (MDT): 2%
48. Church & Dwight Co., Inc. (CHD): 1%
49. The Sherwin-Williams Co. (SHW): 0.7%
50. MSA Safety, Inc. (MSA): 1.2%
51. Canadian National Railway Co. (CNI): 1.5%
52. Otis Worldwide Corp. (OTIS): 0.6%
53. Brown-Forman Corp. (BF.B): 0.9%
54. Pentair Plc (PNR): 1.5%
55. Fresenius Medical Care AG & Co. KGaA (FMS): 1.7%
56. National Fuel Gas Co. (NFG): 4.1%
57. General Dynamics Corp. (GD): 3%
58. McKesson Corp. (MCK): 1.1%
59. Polaris Inc. (PII): 2.6%
60. FedEx Corp. (FDX): 0.9%
61. Johnson & Johnson (JNJ): 2.6%
62. Colgate-Palmolive Co. (CL): 2.2%
63. Target Corp. (TGT): 1.6%
64. Hormel Foods Corp. (HRL): 1.8%
65. Best Buy Co., Inc. (BBY): 1.8%
66. Eaton Vance Corp. (EV): 2.5%
67. Textron, Inc. (TXT): 0.2%
68. Carrier Global Corp. (CARR): 0.2%
69. Cintas Corp. (CTAS): 0.7%
70. Eagle Financial Services, Inc. (EFSI): 4.1%
71. Walmart, Inc. (WMT): 1.5%
72. AbbVie, Inc. (ABBV): 5.4%
73. Ping An Insurance (Group) Co. of China Ltd. (PNGAY): 1.9%
74. Walgreens Boots Alliance, Inc. (WBA): 5.1%
75. Canadian Utilities Ltd. (CDUAF): 5%
76. Perrigo Co. Plc (PRGO): 1.9%
77. Farmers & Merchants Bancorp (California) (FMCB): 2%
78. Chubb Ltd. (CB): 2.6%
79. Brady Corp. (BRC): 2.1%
80. Assurant, Inc. (AIZ): 2.1%
81. ABM Industries, Inc. (ABM): 2%
82. Sonoco Products Co. (SON): 3.2%
83. AmerisourceBergen Corp. (ABC): 1.7%
84. Emerson Electric Co. (EMR): 2.9%
85. 3M Co. (MMM): 3.5%
86. T. Rowe Price Group, Inc. (TROW): 2.3%
87. Expeditors International of Washington, Inc. (EXPD): 1.1%
88. RPM International, Inc. (RPM): 1.6%
89. Stepan Co. (SCL): 0.9%
90. The Clorox Co. (CLX): 2%

91. PSB Holdings, Inc. (Wisconsin) (PSBQ): 2.3%
92. Bristol Myers Squibb Co. (BMY): 2.9%
93. Community Trust Bancorp, Inc. (Kentucky) (CTBI): 5%
94. Cardinal Health, Inc. (CAH): 4%
95. Black Hills Corp. (BKH): 3.7%
96. Franklin Resources, Inc. (BEN): 4.6%
97. Archer-Daniels-Midland Co. (ADM): 2.9%
98. Kimberly-Clark Corp. (KMB): 2.8%
99. Lancaster Colony Corp. (LANC): 1.5%
100. MGE Energy, Inc. (MGEE): 2.2%
101. California Water Service Group (CWT): 1.8%
102. AptarGroup, Inc. (ATR): 1.2%
103. eBay, Inc. (EBAY): 1.1%
104. Aflac, Inc. (AFL): 3%
105. The Kroger Co. (KR): 2%
106. BancFirst Corp. (Oklahoma) (BANF): 2.9%
107. Genuine Parts Co. (GPC): 3.1%
108. Tootsie Roll Industries, Inc. (TR): 1.1%
109. Procter & Gamble Co. (PG): 2.1%
110. Brookfield Asset Management, Inc. (BAM): 1.3%
111. RLI Corp. (RLI): 1.1%
112. Northwest Natural Holding Co. (NWN): 4.1%
113. American States Water Co. (AWR): 1.6%
114. Unum Group (UNM): 6.2%
115. Chesapeake Financial Shares, Inc. (Maryland) (CPKF): 2.4%
116. Telephone & Data Systems, Inc. (TDS): 3.7%
117. Middlesex Water Co. (MSEX): 1.6%
118. Arrow Financial Corp. (AROW): 3.8%
119. Cincinnati Financial Corp. (CINF): 2.9%
120. First Financial Corp. (Indiana) (THFF): 3.2%
121. Tompkins Financial Corp. (TMP): 3.8%
25. American Express Co. (AXP): 1.6%
26. Comcast Corp. (CMCSA): 1.9%
27. Mondelez International, Inc. (MDLZ): 1.9%
28. The Home Depot, Inc. (HD): 2%
29. BlackRock, Inc. (BLK): 2.2%
30. Essential Utilities, Inc. (WTRG): 2.3%
31. Illinois Tool Works, Inc. (ITW): 2.1%
32. Union Pacific Corp. (UNP): 1.9%
33. NextEra Energy, Inc. (NEE): 1.8%
34. QUALCOMM, Inc. (QCOM): 1.9%
35. Federal Realty Investment Trust (FRT): 5.6%
36. Norfolk Southern Corp. (NSC): 1.7%
37. Rockwell Automation, Inc. (ROK): 1.7%
38. Edison International (EIX): 4.5%
39. Prosperity Bancshares, Inc. (PB): 3.3%
40. Cisco Systems, Inc. (CSCO): 3.6%
41. Sempra Energy (SRE): 3.2%
42. MSC Industrial Direct Co., Inc. (MSM): 4.6%
43. Tyson Foods, Inc. (TSN): 2.8%
44. DTE Energy Co. (DTE): 3.3%
45. The Travelers Cos., Inc. (TRV): 3%
46. Hanesbrands, Inc. (HBI): 3.5%
47. Republic Services, Inc. (RSG): 1.7%
48. Novo Nordisk A/S (NVO): 1.3%
49. Arthur J. Gallagher & Co. (AJG): 1.6%
50. The Hershey Co. (HSY): 2.1%
51. American Tower Corp. (AMT): 1.7%
52. Commerce Bancshares, Inc. (Missouri) (CBSH): 1.8%
53. A. O. Smith Corp. (AOS): 1.7%
54. Linde Plc (LIN): 1.6%
55. McDonald's Corp. (MCD): 2.2%
56. Infosys Ltd. (INFY): 1.5%
57. Air Products & Chemicals, Inc. (APD): 1.7%
58. Morningstar, Inc. (MORN): 0.6%
59. M&T Bank Corp. (MTB): 4.4%
60. Alliant Energy Corp. (LNT): 2.7%
61. PepsiCo, Inc. (PEP): 2.8%
62. Erie Indemnity Co. (ERIE): 1.7%
63. Sysco Corp. (SYY): 2.6%
64. WEC Energy Group, Inc. (WEC): 2.5%
65. Huntington Ingalls Industries, Inc. (HII): 2.6%
66. CVS Health Corp. (CVS): 3.4%
67. Gilead Sciences, Inc. (GILD): 4.1%
68. Cullen/Frost Bankers, Inc. (CFR): 4.3%
69. Intel Corp. (INTC): 2.4%
70. Merck & Co., Inc. (MRK): 3%
71. Red Eléctrica Corp. SA (RDEIY): 6.2%
72. Campbell Soup Co. (CPB): 2.8%
73. Everest Re Group Ltd. (RE): 3%
74. Flowers Foods, Inc. (FLO): 3.1%
75. The J. M. Smucker Co. (SJM): 3%
76. Fortis, Inc. (FTS): 3.4%
77. Leggett & Platt, Inc. (LEG): 3.6%
78. Williams-Sonoma, Inc. (WSM): 1.8%
79. Waste Management, Inc. (WM): 1.8%
80. C.H. Robinson Worldwide, Inc. (CHRW): 1.9%
81. John Wiley & Sons, Inc. (JW.A): 4.2%
82. American Electric Power Co., Inc. (AEP): 3.1%
83. People's United Financial, Inc. (PBCT): 6.9%

## B-Rated Dividend Risk Securities

1. NVIDIA Corp. (NVDA): 0.1%
2. America Móvil SAB de CV (AMX): 2.7%
3. Intuit, Inc. (INTU): 0.6%
4. Intercontinental Exchange, Inc. (ICE): 1.1%
5. ResMed, Inc. (RMD): 0.9%
6. The Toro Co. (TTC): 1.1%
7. Lockheed Martin Corp. (LMT): 2.4%
8. CyrusOne, Inc. (CONE): 2.6%
9. Keurig Dr Pepper, Inc. (KDP): 2%
10. Skyworks Solutions, Inc. (SWKS): 1.1%
11. Amgen, Inc. (AMGN): 2.6%
12. SAP SE (SAP): 1.1%
13. Honeywell International, Inc. (HON): 2%
14. Xylem, Inc. (XYL): 1.1%
15. Whirlpool Corp. (WHR): 2.4%
16. Albemarle Corp. (ALB): 1.6%
17. Automatic Data Processing, Inc. (ADP): 2.4%
18. Booz Allen Hamilton Holding Corp. (BAH): 1.4%
19. Cognizant Technology Solutions Corp. (CTSH): 1.1%
20. United Parcel Service, Inc. (UPS): 2.3%
21. Deere & Co. (DE): 1.3%
22. The Coca-Cola Co. (KO): 3.2%
23. Sun Life Financial, Inc. (SLF): 3.9%
24. Raytheon Technologies Corp. (RTX): 4.5%



84. MetLife, Inc. (MET): 4.6%
85. Verizon Communications, Inc. (VZ): 4.2%
86. Novartis AG (NVS): 3.5%
87. International Business Machines Corp. (IBM): 5.2%
88. International Flavors & Fragrances, Inc. (IFF): 2.6%
89. NextEra Energy Partners LP (NEP): 3.2%
90. Eli Lilly & Co. (LLY): 1.9%
91. Community Bank System, Inc. (CBU): 2.9%
92. Xcel Energy, Inc. (XEL): 2.3%
93. Owens & Minor, Inc. (OMI): 0%
94. Enterprise Products Partners LP (EPD): 10.4%
95. Artesian Resources Corp. (ARTNA): 2.7%
96. Bayer AG (BAYRY): 5.9%
97. Consolidated Edison, Inc. (ED): 3.7%
98. Entergy Corp. (ETR): 3.5%
99. Badger Meter, Inc. (BMI): 0.9%
100. UGI Corp. (UGI): 3.8%
101. AT&T, Inc. (T): 7.5%
102. Altria Group, Inc. (MO): 8.5%
103. Bank OZK (OZK): 4.7%
104. Universal Health Realty Income Trust (UHT): 4.9%
105. National Bank of Canada (NTIOF): 4.1%
106. Kellogg Co. (K): 3.4%
107. Public Service Enterprise Group, Inc. (PEG): 3.3%
108. McGrath RentCorp (MGRC): 2.4%
109. H&R Block, Inc. (HRB): 6%
110. Royal Bank of Canada (RY): 4.3%
111. MDU Resources Group, Inc. (MDU): 3.6%
112. United Bankshares, Inc. (West Virginia) (UBSI): 5.9%
113. PPL Corp. (PPL): 5.8%
114. Westamerica Bancorporation (WABC): 3%
115. Yamana Gold, Inc. (AUY): 0.8%
116. Sunoco LP (SUN): 13.3%
117. Universal Corp. (UVV): 7.2%
118. Nucor Corp. (NUE): 3.3%
119. Fox Corp. (FOXA): 1.7%
120. The Western Union Co. (WU): 3.9%
121. Snap-On, Inc. (SNA): 2.7%
18. Telefonaktiebolaget LM Ericsson (ERIC): 1.5%
19. Darden Restaurants, Inc. (DRI): 1.8%
20. Texas Instruments Incorporated (TXN): 2.3%
21. Kansas City Southern (KSU): 0.8%
22. Cummins, Inc. (CMI): 2.4%
23. Digital Realty Trust, Inc. (DLR): 2.8%
24. Dunkin' Brands Group, Inc. (DNKN): 1.3%
25. Accenture Plc (ACN): 1.4%
26. Ferrari NV (RACE): 0.6%
27. Energy Transfer LP (ET): 19.4%
28. DuPont de Nemours, Inc. (DD): 2%
29. Rogers Communications, Inc. (RCI): 3.7%
30. TELUS Corp. (TU): 4.7%
31. Western Digital Corp. (WDC): 2.7%
32. Fastenal Co. (FAST): 2.2%
33. Aptiv Plc (APTIV): 0.5%
34. Logitech International SA (LOGI): 1%
35. CoreSite Realty Corp. (COR): 3.8%
36. Bank of America Corp. (BAC): 3%
37. Calvin B. Taylor Bankshares, Inc. (TYCB): 3.1%
38. The Goldman Sachs Group, Inc. (GS): 2.4%
39. RELX Plc (RELX): 2.6%
40. UMB Financial Corp. (UMBF): 2.3%
41. Crown Castle International Corp. (CCI): 2.9%
42. Paychex, Inc. (PAYX): 2.9%
43. Brookfield Renewable Partners LP (BEP): 3.9%
44. HNI Corp. (HNI): 3.5%
45. Principal Financial Group, Inc. (PFG): 5.4%
46. Enbridge, Inc. (ENB): 7.8%
47. Prudential Financial, Inc. (PRU): 6.3%
48. Molson Coors Beverage Co. (TAP): 3.2%
49. AEGON NV (AEG): 2.1%
50. HP, Inc. (HPQ): 3.5%
51. Synchrony Financial (SYF): 3.1%
52. Ally Financial, Inc. (ALLY): 2.6%
53. Tapestry, Inc. (TPR): 3.6%
54. Constellation Brands, Inc. (STZ): 1.6%
55. Lazard Ltd. (LAZ): 5.1%
56. Unilever Plc (UL): 2.8%
57. SK Telecom Co., Ltd. (SKM): 4.1%
58. Marriott International, Inc. (MAR): 1%
59. Newmont Corp. (NEM): 1%
60. Nestlé SA (NSRGY): 2.3%
61. ABB Ltd. (ABB): 3.1%
62. Eastman Chemical Co. (EMN): 3%
63. Thomson Reuters Corp. (TRI): 1.8%
64. Essex Property Trust, Inc. (ESS): 3.9%
65. Otter Tail Corp. (OTTR): 3.7%
66. Sampo Oyj (SAXPY): 9.8%
67. Enerplus Corp. (ERF): 4.8%
68. Siemens AG (SIEGY): 3%
69. CME Group, Inc. (CME): 1.9%
70. Magellan Midstream Partners LP (MMP): 11.1%
71. Old Republic International Corp. (ORI): 5.3%
72. Great-West Lifeco, Inc. (GWLIF): 6.1%
73. The Bank of New York Mellon Corp. (BK): 3.4%
74. Sanofi (SNY): 3.3%
75. Realty Income Corp. (O): 4.5%
76. Philip Morris International, Inc. (PM): 5.9%

## C-Rated Dividend Risk Securities

1. Marvell Technology Group Ltd. (MRVL): 0.6%
2. Lam Research Corp. (LRCX): 1.2%
3. Mastercard, Inc. (MA): 0.4%
4. Visa, Inc. (V): 0.6%
5. Yum! Brands, Inc. (YUM): 1.8%
6. ASML Holding NV (ASML): 0.7%
7. Aon Plc (AON): 0.4%
8. General Electric Co. (GE): 0.6%
9. PACCAR, Inc. (PCAR): 1.4%
10. Trane Technologies Plc (TT): 1.6%
11. TechnipFMC Plc (FTI): 3.8%
12. Taiwan Semiconductor Manufacturing Co., Ltd. (TSM): 1.5%
13. KLA Corp. (KLAC): 1.5%
14. Brookfield Infrastructure Partners LP (BIP): 4.3%
15. Jack in the Box, Inc. (JACK): 1.4%
16. Diageo Plc (DEO): 2.5%
17. Caterpillar, Inc. (CAT): 2.5%



77. Oshkosh Corp. (OSK): 1.5%
78. The Southern Co. (SO): 4.3%
79. Duke Energy Corp. (DUK): 4.1%
80. Conagra Brands, Inc. (CAG): 2.3%
81. Patterson Cos., Inc. (PDCO): 3.9%
82. Toyota Motor Corp. (TM): 1.7%
83. National Retail Properties, Inc. (NNN): 6%
84. Omnicom Group, Inc. (OMC): 4.9%
85. W.P. Carey, Inc. (WPC): 6.2%
86. Easterly Government Properties, Inc. (DEA): 4.6%
87. The Allstate Corp. (ALL): 2.3%
88. TransAlta Renewables, Inc. (TRSWF): 6.9%
89. SL Green Realty Corp. (SLG): 6.2%
90. ONEOK, Inc. (OKE): 12.3%
91. British American Tobacco plc (BTI): 7.7%
92. ViacomCBS, Inc. (VIAC): 3.3%
93. Nielsen Holdings Plc (NLSN): 3.8%
94. Vale SA (VALE): 3.8%
95. Hewlett-Packard Enterprise Co. (HPE): 4.8%
96. Anheuser-Busch InBev SA/NV (BUD): 2.5%
97. General Mills, Inc. (GIS): 3.2%
98. Public Storage (PSA): 3.4%
99. Greif, Inc. (GEF): 4.2%
100. Honda Motor Co., Ltd. (HMC): 2.6%
101. AvalonBay Communities, Inc. (AVB): 4%
102. MPLX LP (MPLX): 15.8%
103. Kinder Morgan, Inc. (KMI): 7.8%
104. The Bank of Nova Scotia (BNS): 6.3%
105. 1st Source Corp. (SRCE): 3.6%
106. Physicians Realty Trust (DOC): 5.2%
107. Sony Corp. (SNE): 0.3%
108. Meredith Corp. (MDP): 9.4%
109. Mercury General Corp. (MCY): 6.2%
110. The Toronto-Dominion Bank (TD): 5%
111. Bank of Montreal (BMO): 5.1%
112. Canadian Imperial Bank of Commerce (CM): 5.6%
113. Office Properties Income Trust (OPI): 8%
114. NACCO Industries, Inc. (NC): 3.9%
115. Weyco Group, Inc. (WEYS): 5.7%
116. Superior Plus Corp. (SUUIF): 5.8%
117. Gap, Inc. (GPS): 1.2%
118. Barrick Gold Corp. (GOLD): 1.3%
119. Navient Corp. (NAVI): 6.7%
120. Wheaton Precious Metals Corp. (WPM): 0.8%
13. Hasbro, Inc. (HAS): 3.2%
14. Apollo Global Management, Inc. (APO): 5.4%
15. Johnson Controls International Plc (JCI): 2.4%
16. Garmin Ltd. (GRMN): 2.4%
17. Broadcom, Inc. (AVGO): 3.3%
18. Dominion Energy, Inc. (D): 4.6%
19. Discover Financial Services (DFS): 2.7%
20. Truist Financial Corp. (TFC): 4.3%
21. CAE, Inc. (CAE): 1.4%
22. The Wendy's Co. (WEN): 1.6%
23. Algonquin Power & Utilities Corp. (AQN): 3.7%
24. Citigroup, Inc. (C): 4.7%
25. Pfizer Inc. (PFE): 4.1%
26. NetApp, Inc. (NTAP): 4.1%
27. JPMorgan Chase & Co. (JPM): 3.6%
28. Alexandria Real Estate Equities, Inc. (ARE): 2.5%
29. WestRock Co. (WRK): 4.2%
30. Corning, Inc. (GLW): 2.4%
31. Tiffany & Co. (TIF): 1.9%
32. Arbor Realty Trust, Inc. (ABR): 10.1%
33. Dream Industrial Real Estate Investment Trust (DREUF): 5.9%
34. EPR Properties (EPR): 12.1%
35. Chorus Aviation, Inc. (CHRRF): 11.4%
36. New York Community Bancorp, Inc. (NYCB): 8.2%
37. The Williams Cos., Inc. (WMB): 7.9%
38. U.S. Bancorp (USB): 4.4%
39. Gladstone Land Corp. (LAND): 4.7%
40. Camden Property Trust (CPT): 3.4%
41. STAG Industrial, Inc. (STAG): 4.4%
42. Amcor Plc (AMCR): 4.1%
43. Nutrien Ltd. (NTR): 4.5%
44. Autoliv, Inc. (ALV): 1.5%
45. Medical Properties Trust, Inc. (MPW): 5.8%
46. Lamar Advertising Co. (LAMR): 5.1%
47. Newell Brands, Inc. (NWL): 5%
48. CNA Financial Corp. (CNA): 4.8%
49. TC Energy Corp. (TRP): 5.3%
50. FirstEnergy Corp. (FE): 4.9%
51. UBS Group AG (UBS): 4.7%
52. Seagate Technology Plc (STX): 5.1%
53. CenterPoint Energy, Inc. (CNP): 4.9%
54. AstraZeneca Plc (AZN): 2.6%
55. Eaton Corp. Plc (ETN): 2.7%
56. The Walt Disney Co. (DIS): 1.4%
57. STORE Capital Corp. (STOR): 5.1%
58. Magna International, Inc. (MGA): 3%
59. Dine Brands Global, Inc. (DIN): 2.5%
60. Dream Office Real Estate Investment Trust (DRETF): 5.5%
61. Micro Focus International Plc (MFGP): 17.2%
62. Imperial Brands Plc (IMBBY): 13.6%
63. The GEO Group, Inc. (GEO): 17%
64. Inter Pipeline Ltd. (IPPLF): 10.7%
65. GlaxoSmithKline Plc (GSK): 5.4%
66. LTC Properties, Inc. (LTC): 6.5%
67. Targa Resources Corp. (TRGP): 11.7%
68. TC Pipelines LP (TCP): 8.6%
69. Healthcare Trust of America, Inc. (HTA): 4.9%
70. The Kraft Heinz Co. (KHC): 5%

## D-Rated Dividend Risk Securities

1. Bayerische Motoren Werke AG (BMWYY): 3.6%
2. Innovative Industrial Properties, Inc. (IIPR): 2.9%
3. Brixmor Property Group, Inc. (BRX): 7.4%
4. Restaurant Brands International, Inc. (QSR): 3.5%
5. Ross Stores, Inc. (ROST): 0.6%
6. Koninklijke Philips NV (PHG): 1.9%
7. LyondellBasell Industries NV (LYB): 5.4%
8. The Blackstone Group, Inc. (BX): 3.6%
9. International Paper Co. (IP): 4.6%
10. VF Corp. (VFC): 2.5%
11. Freeport-McMoRan, Inc. (FCX): 0.6%
12. Gazprom PJSC (OGZPY): 9.7%

71. BCE, Inc. (BCE): 5.7%
72. WPP Plc (WPP): 7.3%
73. B&G Foods, Inc. (BGS): 6.5%
74. BHP Group Ltd. (BHP): 4.6%
75. Healthpeak Properties, Inc. (PEAK): 5.4%
76. Broadmark Realty Capital, Inc. (BRMK): 5.4%
77. Artisan Partners Asset Management, Inc. (APAM): 5.5%
78. The Chemours Co. (CC): 4.4%
79. General Motors Co. (GM): 3.6%
80. China Mobile Ltd. (CHL): 5.8%
81. Boston Properties, Inc. (BXP): 4.9%
82. Iron Mountain, Inc. (IRM): 9%
83. Choice Properties Real Estate Investment Trust (PPRQF): 5.7%
84. New Residential Investment Corp. (NRZ): 14%
85. Consolidated Water Co. Ltd. (CWCO): 3.1%
86. Equity Residential (EQR): 4.4%
87. VEREIT, Inc. (VER): 7.2%
88. Service Properties Trust (SVC): 14.2%
89. MGM Growth Properties LLC (MGP): 6.9%
90. Omega Healthcare Investors, Inc. (OHI): 8.7%
91. Suburban Propane Partners LP (SPH): 12.1%
92. Invesco Ltd. (IVZ): 7.7%
93. Macquarie Infrastructure Corp. (MIC): 7.2%
94. Exelon Corp. (EXC): 3.6%
95. Ventas, Inc. (VTR): 6.4%
96. Daimler AG (DDAIF): 1.6%
97. HSBC Holdings Plc (HSBC): 5.5%
98. POSCO (PKX): 4%
99. Fluor Corp. (FLR): 7%
100. Kulicke & Soffa Industries, Inc. (KLIC): 1.8%
101. Simon Property Group, Inc. (SPG): 11.6%
102. Telefónica SA (TEF): 12.1%
103. Global Net Lease, Inc. (GNL): 11.9%
104. CenturyLink, Inc. (CTL): 9.1%
105. OUTFRONT Media, Inc. (OUT): 7.7%
106. Rio Tinto Plc (RIO): 6.3%
107. PacWest Bancorp (PACW): 9.1%
108. Urstadt Biddle Properties, Inc. (UBA): 9.5%
109. Tanger Factory Outlet Centers, Inc. (SKT): 17.3%
110. Banco Santander SA (SAN): 5.9%
111. Hercules Capital, Inc. (HTGC): 10.7%
112. CF Industries Holdings, Inc. (CF): 4%
113. Gladstone Commercial Corp. (GOOD): 8.8%
114. Xerox Holdings Corp. (XRX): 5%
115. Foot Locker, Inc. (FL): 3%
116. Diversified Healthcare Trust (DHC): 12.6%
117. Waddell & Reed Financial, Inc. (WDR): 5.6%
118. Orchid Island Capital, Inc. (ORC): 17.2%
119. Gaming & Leisure Properties, Inc. (GLPI): 7.2%
120. AGNC Investment Corp. (AGNC): 12.7%
121. Antero Midstream Corp. (AM): 19.3%
4. Chatham Lodging Trust (CLDT): 12.5%
5. Helmerich & Payne, Inc. (HP): 15.8%
6. Halliburton Co. (HAL): 4.6%
7. Chevron Corp. (CVX): 6.8%
8. Cheesecake Factory, Inc. (CAKE): 2.4%
9. Royal Dutch Shell Plc (RDS.B): 10.2%
10. Baker Hughes Co. (BKR): 5.5%
11. Kimco Realty Corp. (KIM): 7.7%
12. Petróleo Brasileiro SA (PBR): 2.3%
13. Canadian Natural Resources Ltd. (CNQ): 6.6%
14. Starbucks Corp. (SBUX): 1.8%
15. BP Plc (BP): 13.1%
16. ConocoPhillips (COP): 4.5%
17. Suncor Energy, Inc. (SU): 9.2%
18. Exxon Mobil Corp. (XOM): 10.2%
19. Southwest Airlines Co. (LUV): 0.9%
20. Industria de Diseño Textil SA (IDEXY): 1.7%
21. Total SE (TOT): 8.9%
22. PetroChina Co., Ltd. (PTR): 6.2%
23. Weyerhaeuser Co. (WY): 3.5%
24. SFL Corp. Ltd. (SFL): 17.2%
25. Permian Basin Royalty Trust (PBT): 16.7%
26. Eni SpA (E): 5.7%
27. Deutsche Telekom AG (DEGY): 7.8%
28. Airbus SE (EADSY): 2.8%
29. Delta Air Lines, Inc. (DAL): 2.5%
30. The TJX Cos., Inc. (TJX): 0.8%
31. The Boeing Co. (BA): 3.8%
32. Covanta Holding Corp. (CVA): 10.4%
33. Schlumberger NV (SLB): 10.2%
34. AXIS Capital Holdings Ltd. (AXS): 3.6%
35. Vermilion Energy, Inc. (VET): 46.5%
36. Cedar Fair LP (FUN): 7.2%
37. Swiss Re AG (SSREY): 8%
38. Sabine Royalty Trust (SBR): 9.1%
39. Shaw Communications, Inc. (SJR): 6.7%
40. Pembina Pipeline Corp. (PBA): 8.4%
41. Scholastic Corp. (SCHL): 2.8%
42. Ryder System, Inc. (R): 4.6%
43. MGM Resorts International (MGM): 2%
44. Summit Hotel Properties, Inc. (INN): 7.1%
45. HollyFrontier Corp. (HFC): 6.7%
46. Holly Energy Partners LP (HEP): 18%
47. Phillips 66 (PSX): 6.9%
48. Valero Energy Corp. (VLO): 9%
49. Cross Timbers Royalty Trust (CRT): 15.4%
50. KeyCorp (KEY): 5.8%
51. Huntington Bancshares, Inc. (HBAN): 6.3%
52. Las Vegas Sands Corp. (LVS): 3.5%
53. Brookfield Property Partners LP (BPY): 10.1%
54. Compass Diversified Holdings (CODI): 9.5%
55. Carnival Corp. (CCL): 7.2%
56. Royal Caribbean Group (RCL): 3.9%
57. Wynn Resorts Ltd. (WYNN): 2.8%
58. Apple Hospitality REIT, Inc. (APLE): 4.9%
59. Harley-Davidson, Inc. (HOG): 4.1%
60. Ares Capital Corp. (ARCC): 11.4%
61. Sabra Health Care REIT, Inc. (SBRA): 11.6%
62. Cracker Barrel Old Country Store, Inc. (CBRL): 4.4%

## F-Rated Dividend Risk Securities

1. CNOOC Ltd. (CEO): 7.8%
2. Spark Energy, Inc. (SPKE): 8%
3. Apache Corp. (APA): 6%

63. Genesis Energy LP (GEL): 29.5%
64. China Petroleum & Chemical Corp. (SNP): 8.4%
65. Imperial Oil Ltd. (IMO): 5.3%
66. Comerica, Inc. (CMA): 6.7%
67. Wells Fargo & Co. (WFC): 7%
68. Gladstone Investment Corp. (GAIN): 9.1%
69. Six Flags Entertainment Corp. (SIX): 5.5%
70. Nordstrom, Inc. (JWN): 5.6%
71. Vector Group Ltd. (VGR): 11.4%
72. Domtar Corp. (UFS): 3.4%
73. Ambev SA (ABEV): 4.8%
74. Kontoor Brands, Inc. (KTB): 6.1%
75. Dow, Inc. (DOW): 5.7%
76. Dillard's, Inc. (DDS): 1.3%
77. Landmark Infrastructure Partners LP (LMRK): 12.6%
78. Occidental Petroleum Corp. (OXY): 22.8%
79. Alaris Equity Partners Income Trust (ALARF): 12.5%
80. Ladder Capital Corp. (LADR): 17.3%
81. Pearson Plc (PSO): 3.3%
82. Main Street Capital Corp. (MAIN): 8.1%
83. Olin Corp. (OLN): 4.6%
84. Equinor ASA (EQNR): 6.1%
85. Alaska Air Group, Inc. (ALK): 2.8%
86. CorEnergy Infrastructure Trust, Inc. (CORR): 28.1%
87. Canon, Inc. (CAJ): 6.6%
88. Vodafone Group Plc (VOD): 7%
89. Ford Motor Co. (F): 5.9%
90. Welltower, Inc. (WELL): 6%
91. Kohl's Corp. (KSS): 6.7%
92. Taubman Centers, Inc. (TCO): 5.8%
93. Hawaiian Holdings, Inc. (HA): 1.8%
94. Abercrombie & Fitch Co. (ANF): 2.4%
95. Starwood Property Trust, Inc. (STWD): 12.3%
96. New York Mortgage Trust, Inc. (NYMT): 16.9%
97. USA Compression Partners LP (USAC): 19%
98. Marathon Petroleum Corp. (MPC): 7.4%
99. PermRock Royalty Trust (PRT): 22.3%
100. Annaly Capital Management, Inc. (NLY): 13.3%
101. Blackstone Mortgage Trust, Inc. (BXMT): 10.8%
102. Two Harbors Investment Corp. (TWO): 18.8%
103. Chimera Investment Corp. (CIM): 20.7%
104. Whitestone REIT (WSR): 12.9%
105. Host Hotels & Resorts, Inc. (HST): 5.5%
106. National Oilwell Varco, Inc. (NOV): 1.1%
107. Gladstone Capital Corp. (GLAD): 10.8%
108. Stellus Capital Investment Corp. (SCM): 14.1%
109. Prospect Capital Corp. (PSEC): 14%
110. R.R. Donnelley & Sons Co. (RRD): 4.7%
111. Dynex Capital, Inc. (DX): 11.2%
112. American Airlines Group, Inc. (AAL): 1.6%
113. Bed Bath & Beyond, Inc. (BBBY): 1.4%
114. Capitala Finance Corp. (CPTA): 47.2%
115. AllianceBernstein Holding LP (AB): 8.1%
116. Macerich Co. (MAC): 38.4%
117. Apollo Commercial Real Estate Finance, Inc. (ARI): 18.1%
118. Macy's, Inc. (M): 12.3%
119. Nabors Industries Ltd. (NBR): 0.1%
120. Patterson-UTI Energy, Inc. (PTEN): 4.9%
121. ARMOUR Residential REIT, Inc. (ARR): 16.6%