Top 10 Dividend Elite

August 2021 Edition

A monthly special report service from Sure Dividend

By Ben Reynolds, Bob Ciura, Josh Arnold, Eli Inkrot, and Samuel Smith

Edited by Brad Beams

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Top 10 Dividend Elite – August 2021

Welcome to the inaugural edition of our Top 10 Dividend Elite service! The table below gives a quick summary of our top 10 selections of securities with 25+ years of rising dividends. Please keep reading to see a detailed analysis on each of the top 10.

Name & Ticker	Div. Risk Score	# Years Div. Increases	Div. Yield	Exp. Value Return	Exp. Growth Return	Exp. Total Return
BancFirst (BANF)	A	27	2.4%	4.1%	6.0%	12.2%
ABM Industries (ABM)	A	53	1.6%	5.0%	5.0%	11.4%
Enterprise Bancorp (EBTC)	A	27	2.2%	4.4%	5.0%	11.4%
Lowe's (LOW)	A	59	1.7%	2.6%	7.0%	10.9%
Walgreens Boots (WBA)	A	46	4.1%	2.0%	5.0%	10.5%
Archer-Daniels-Midland (ADM)	A	46	2.5%	2.4%	6.0%	10.4%
Tennant (TNC)	A	48	1.2%	0.7%	8.0%	9.8%
AT&T (T)	B	36	7.4%	4.9%	3.0%	13.3%
New Jersey Resources (NJR)	B	25	3.4%	0.4%	7.0%	10.3%
People's United Financial (PBCT)	B	29	4.6%	2.6%	4.0%	10.1%

Notes: *Data for the table above is from the 7/30/21 spreadsheet of our Sure Analysis Research Database. 'Div.' stands for 'Dividend.' '# Years Div. Increases' shows the consecutive years of dividend growth. 'Exp.' Stands for 'Expected.' Expected returns are annualized and based on 5-year forward projections. Data in the table above may be different than individual company analysis pages due to writing the company reports throughout the previous several days.*
Disclosures: *Ben Reynolds is long WBA and T. Eli Inkrot is long WBA and T.*

We expanded the Dividend Elite special report to include all securities with 25+ years of dividend growth found in the *Sure Analysis Research Database*, rather than just Dividend Aristocrats which resulted in more changes in the Top 10 than usual. Becton Dickinson (BDX), AbbVie (ABBV), Atmos Energy (ATO), Johnson & Johnson (JNJ), Cardinal Health (CAH), and Kimberly-Clark (KMB) were replaced by BancFirst (BANF), ABM Industries (ABM), Enterprise Bancorp (EBTC), Tennant Company (TNC), New Jersey Resources (NJR), and People's United Financial (PBCT).

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

	Top 10 Dividend Elite	S&P 500
Dividend Yield:	3.1%	1.3%
Growth Rate:	5.6%	5.5%
Valuation Return:	2.9%	-7.4%
Expected Annual Total Returns:	11.0%	-0.6%

Note: *The S&P 500 expected annual total return calculation above is the simplified method which is the sum of dividend yield, growth rate, and valuation expected returns.*

Analysis of the Top 10

BancFirst Corp. (BANF)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 12.2%

Overview & Current Events

BancFirst Corporation is a bank holding company for BancFirst, a bank that is headquartered in Oklahoma. BancFirst is a community bank that offers a standard suite of products including deposit accounts, consumer loans, business loans, treasury services for businesses, individual retirement accounts, and more. The bank's footprint is just over 100 locations throughout Oklahoma, as well as three in Dallas, Texas. The corporation was founded in 1984, generates about $465 million in annual revenue, and trades with a market capitalization of $1.8 billion.

BancFirst reported second-quarter earnings on July 15th, 2021 and results were much improved over the pandemic-impacted year-ago period. Net income came to $48 million, or $1.45 per diluted share. Both totals more than doubled year-over-year from $21 million and 63 cents per share, respectively. For the first six months of the year, net income came to $91 million, or $2.72 per share.

The key to earnings growth has been the reversal of provisions for credit losses that were previously taken during the pandemic but were not necessary in hindsight. This totaled $9.9 million in Q2, up enormously from the loss of $19.3 million in the same period a year ago. For the first half of last year, provisions for credit losses were $38.9 million, against a benefit of $9.9 million for this year, a positive swing of nearly $50 million.

Net interest income (NII) was $82 million in Q2, up from $77 million in last year's Q2. Growth in NII was due to loan growth, Paycheck Protection Program income, and lower rates paid on deposits. Net interest margin remains strong at 3.32% but was down from 3.54% in last year's Q2. Total assets ended the quarter at $11 billion, up almost $2 billion from the end of 2020. We forecast $4.55 in earnings-per-share for this year.

Safety & Dividend Risk Analysis

Like other banks, BancFirst is susceptible to recessions. However, in BancFirst's case, prudent credit writing and a strong balance sheet combine to produce a level of recession resilience that many other banks cannot match. Indeed, the company has been able to increase its dividend for more than a quarter century because its earnings hold up well during recessions, and we don't expect that to change. With a payout ratio of just 30% for this year, we see the dividend as ultra-safe with years of potential growth ahead.

Growth, Value, & Expected Total Return Analysis

BancFirst has averaged 8% earnings-per-share growth in the past decade, and 15% in the past five years. However, over longer terms that include recessions, we expect 6% per year. We see growth as driven by strong margins and asset growth but offset by interest rate headwinds that are outside of the bank's control. We see 12.2% total returns from here given the low valuation and decent yield.

ABM Industries Inc. (ABM)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 11.4%

Overview & Current Events

ABM Industries is a service company that provides fully integrated facility solutions, primarily in the U.S. The company serves a wide variety of industries and has a deep book of customers with janitorial services, facilities engineering, parking management, landscaping and grounds management, mechanical and electrical services, and vehicle maintenance. ABM was founded in 1909, employs more than 140,000 people globally, and trades with a market capitalization of just over $3.1 billion.

ABM's most recent earnings report was released on June 8th, 2021 and results were better than expectations on the top and bottom lines. Total revenue came to $1.5 billion, which was essentially flat to the same period a year ago and was impacted from the early stages of the pandemic.

The company reduced expenses on a relative basis during the quarter, which helped preserve margins, and also helped it to beat earnings-per-share estimates. That number came to 82 cents in the second quarter, up 37% year-over-year. Following Q2 results, management boosted guidance for earnings-per-share to $3.30 to $3.50. Our estimate has moved up accordingly, and now stands at $3.40, which would represent massive growth over 2020.

ABM said in early July it settled the Bucio case that was filed in 2006 regarding a legacy overtime tracking system for a total consideration of $140 million. ABM said it would take a $110 million charge in Q3 of 2021, added to the $30 million previously reserved

Safety & Dividend Risk Analysis

ABM generally performs quite well during recessions, which is why it has been able to boost its dividend for more than 50 years consecutively. ABM saw strong earnings growth in 2020, during a very sharp recession, so we don't see any meaningful recession risk for ABM going forward. ABM's payout ratio is just 22% of earnings, meaning the dividend is extremely safe and has many years of potential growth ahead, even if we do not account for forecasted earnings growth.

Growth, Value, & Expected Total Return Analysis

ABM's average growth rate during the last decade is about 5% annually, and the company hasn't posted a year-over-year earnings decline during that period, which is quite impressive. We see organic growth and acquisitions combining for a 5% average annual growth rate in the coming years, roughly in line with historical performances.

ABM's valuation has moved in a very wide range over the past decade, trading as high as a mid-20s price-to-earnings ratio, down to a low of about half of that, where it trades today. Indeed, ABM looks well-priced today at 13.7 times this year's projected earnings, as that compares very favorably to our fair value estimate of 17.5 times earnings. Due to this, we see a sizable 5.0% annual tailwind to total returns in the coming years. In total, we see robust 11.4% total annual returns in the coming years.

Enterprise Bancorp Inc. (EBTC)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 11.4%

Overview & Current Events

Enterprise Bancorp is a bank based in Massachusetts that was founded in 1989. The bank offers commercial and retail deposit products, real estate loans, construction loans, lines of credit, equipment financing, home equity loans, and more. Enterprise operates 26 branches in Massachusetts and New Hampshire. The company has a market capitalization of $393 million and produces about $150 million in annual revenue.

Enterprise reported second-quarter earnings on July 22nd, 2021 and results showed great improvement over the same period in 2020. Net interest income was $35 million for Q2, and $70 million for the first half of the year. These represented respective gains of 8% and 12% over the comparable periods in 2020, which were impacted by the initial stages of the COVID pandemic. Gains were accrued mostly from Paycheck Protection Program loan income and lower deposit costs.

Net interest margin came to 3.45%, down from 3.59% in the year-ago period. Margins were impacted by larger interest-earning deposit balances, pay-downs of loans, and as lower rates on earning assets.

Net income for the quarter came to $11.1 million and 92 cents per diluted share. These were both up nicely from $7.3 million and 61 cents per share in the same period a year ago. For the first half, net income was $21.5 million and $1.79 per share, up from $11.3 million and 95 cents per share, respectively, in the first half of 2020. We now see $3.40 in earnings-per-share this year.

Safety & Dividend Risk Analysis

Like other banks, Enterprise is susceptible to economic weakness. However, its prudent lending practices means that losses during the Great Recession and 2020's recession were both minimal. Indeed, earnings actually increased during the Great Recession and fell only 9% in 2020.

The dividend is just 22% of earnings for this year, meaning that even if a significant recession did strike, Enterprise's dividend would remain safe.

Growth, Value, & Expected Total Return Analysis

Enterprise has done a terrific job of creating consistent profits in an industry that is notoriously cyclical. While the uncertainty related to the pandemic and low interest rates could continue to weigh on results, we believe there are a number of long-term tailwinds including economic improvement and the potential for higher rates over time. We are forecasting 5% annual growth over the intermediate term, as the bank could be coming off a high base for 2021. Lower credit losses for 2021 should boost earnings temporarily.

Overall, we are forecasting the potential for 11.4% annual total returns in the coming years, from the combination of the 2.2% dividend yield, 5.0% annual earnings-per-share growth and a 4.4% tailwind from a rising valuation. We see Enterprise as an attractive bank since the stock is undervalued, and it has decent growth prospects.

Lowe’s Companies Inc. (LOW)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 10.9%

Overview & Current Events

Lowe’s Companies is the second-largest home improvement retailer in the U.S., after Home Depot. The company, which was founded in 1946, has a market cap of $136 billion and operates more than 2,200 home improvement stores in the U.S. and Canada.

Lowe’s benefited from consumers staying at home in 2020, with the company growing its revenue and earnings-per-share 24% and 54%, respectively.

The positive business momentum has remained in place this year. In the first quarter, Lowe’s grew its comparable sales 26% over last year’s quarter, while its adjusted earnings-per-share increased 81%. It is also repurchasing shares aggressively and is on track to grow its earnings-per-share by nearly 25% this year.

Safety & Dividend Risk Analysis

Lowe’s is a Dividend King as it has raised its dividend for 59 years in a row, even during recessions and the last financial crisis. Furthermore, Lowe’s dividend payout ratio is only 22%. Lowe’s dividend is safe and likely has many years of strong growth ahead. To this point, the quarterly dividend was recently increased 33.3% to $0.80 and now yields 1.7%.

Lowe’s business is somewhat cyclical, but the company performed relatively well during the last financial crisis. Despite the severe downturn of the housing market in the 2008 to 2009 recession, earnings-per-share declined by less than 20%. Lowe’s enjoys competitive advantages from scale and brand power, as it dominates the industry along with Home Depot. Neither of the two are expanding their store count significantly, and neither is interested in a price war. Both should remain highly profitable.

Growth, Value, & Expected Total Return Analysis

Lowe’s is not opening many new stores right now, but the company is still in growth mode thanks to strong comparable store sales growth, increasing margins, and aggressive share repurchases. Between 2011 and 2020 Lowe’s grew its earnings-per-share by 20% per year on average. In the last five years, Lowe’s has compounded its earnings-per-share by 22% per year. Nevertheless, due to extremely strong performance in 2020 and so far in 2021, which will form a high comparison base, we expect Lowe’s to grow its earnings-per-share at a somewhat slower pace beyond 2021, by 7.0% per year on average.

Based on expected 2021 earnings-per-share of $11.01, Lowe’s trades for a price-to-earnings ratio of 17.5. Our fair value estimate for Lowe’s is a price-to-earnings ratio of 20. An expanding P/E multiple could boost shareholder returns by approximately 2.6% per year over the next five years. When combined with the expectation of 7% annual earnings-per-share growth and a 1.7% dividend yield, we expect average total annual returns of 10.9% per year over the next five years.

Walgreens Boots Alliance Inc. (WBA)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 10.5%

Overview & Current Events

Walgreens Boots Alliance is a largest retail pharmacy in the U.S. and Europe with a $40 billion market cap. Through its flagship *Walgreens* business and other ventures, Walgreens has a presence in more than 25 countries, employs more than 450,000 people and has more than 21,000 stores.

On January 6th, 2021 Walgreens announced the sale of the majority of the Alliance Healthcare business and a portion of the Retail Pharmacy International segment's business in Europe to AmerisourceBergen (ABC) for $6.5 billion.
On July 1st, 2021 Walgreens announced Q3 fiscal year 2021 results for the period ending May 31st, 2021. For the quarter sales increased 12.1% to $34.0 billion, reflecting strong growth in the both the International and United States segments. Adjusted earnings equaled $1.3 billion or $1.51 per share compared to $723 million or $0.83 per share in the year ago period. Walgreens also updated its fiscal 2021 guidance, now anticipating 10% adjusted earnings-per-share (EPS) growth.

Safety & Dividend Risk Analysis

Walgreens has raised its dividend for 46 consecutive years. The stock has a 4.1% dividend yield, with a payout ratio of only 37%, which makes future dividend growth very likely. In addition, despite reduced earnings last year, Walgreens has put together a strong record under various economic conditions. Its EPS dipped only 7% in the Great Recession in 2009.

Walgreens' competitive advantage lies in its scale and network in an important industry. However, a variety of headwinds have surfaced lately, including reimbursement pressure, lower generic deflation, and consumer market challenges. Nevertheless, the low dividend payout ratio and the resilience to recessions make Walgreen's dividend safe, although investors should not expect rapid dividend growth. The last two dividend increases were only 2.2% and 2.1%.

Growth, Value, & Expected Total Return Analysis

Over the long-term, an aging population and a focus on becoming a health destination should spur growth at Walgreens. From 2010 through 2019, Walgreens grew its EPS by 12.0% per year; however, 2020 was a down year. We expect 5.0% annual EPS growth over the next five years, coming off a rebound year in 2021.

Based on estimated fiscal 2021 EPS of $5.20, Walgreens trades for a price-to-earnings ratio (P/E) of 9.1. Our fair value estimate is a P/E of 10. A higher P/E multiple could increase shareholder returns by approximately 2.0% per year over the next five years. In addition, when combined with the 5.0% expected growth rate and 4.1% starting dividend yield, we expect average total annual returns of 10.5% over the next five years.

Archer-Daniels-Midland Co. (ADM)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 10.4%

Overview & Current Events

Archer-Daniels-Midland is the largest publicly traded farmland product company in the United States. It was founded in 1902 and its businesses include the processing of cereal grains and oilseeds as well as agricultural storage and transportation.

Archer-Daniels-Midland has proved resilient to the pandemic thanks to the essential nature of its business. In 2020, which was marked by a fierce recession, the company grew its earnings-per-share 11%, from $3.24 to an all-time high of $3.59.

The business momentum has accelerated this year. In the second quarter, Archer-Daniels-Midland grew its revenue 41% over last year's quarter. Meanwhile, earnings-per-share totaled $1.26 compared to $0.84 previously. We expect the company to grow its earnings-per-share 24% this year, to $4.45.

Safety & Dividend Risk Analysis

Archer-Daniels-Midland is resilient to recessions, as demand for food products is not cyclical. Archer-Daniels-Midland has significant competitive advantages thanks to its scale and geographical reach. The company has grown its dividend for 46 consecutive years, and it has a 5-year annual dividend growth rate of 4.3%. Archer-Daniels-Midland is a quality stock thanks to its defensive business, solid balance sheet, geographic diversification, and dividend history. The security yields almost 2.5%.

The dividend payout ratio rose substantially between 2009 and 2017, peaking at 60%. However, thanks to solid earnings-per-share growth since then, the dividend payout ratio has improved and is now at 33%. Moreover, the company performed well during the last recession, as its earnings-per-share grew from $2.84 in 2008 to $3.06 in 2009. We believe the dividend is safe and expect more dividend growth in the years to come.

Growth, Value, & Expected Total Return Analysis

Archer-Daniels-Midland has had a hard time growing its profits over the last decade. We expect better growth ahead thanks to the acquisition of Ziegler Group, and the nutrition flavor research and customer center opening. The company will benefit from new eating trends, such as alternative proteins, which have been a major growth driver in recent years. We expect 6.0% annual earnings-per-share growth over the next five years.

Based on expected 2021 earnings-per-share of $4.45, Archer-Daniels-Midland trades for a price-to-earnings ratio of 13.4. Our fair value estimate for Archer-Daniels-Midland is a price-to-earnings ratio (P/E) of 15. An expanding P/E multiple could boost shareholder returns by approximately 2.4% per year over the next five years. When combined with the 6.0% expected earnings growth rate and 2.5% starting dividend yield, we forecast total annual returns of 10.4% per year over the next five years.

Tennant Co. (TNC)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 9.8%

Overview & Current Events

Founded in 1870 and headquartered in Eden Prairie, MN, the Tennant Company designs, manufactures and markets floor cleaning equipment. The company's products include equipment to maintain surfaces in industrial, commercial, and outdoor environments. In the U.S., the company holds the market leadership position in its industry, but Tennant also sells its products in more than 100 additional countries around the globe. The company trades with a $1.47 billion market capitalization.

On May 4th, 2021 Tennant reported Q1 2021 earnings. During the quarter the company generated $260 million in revenue, representing a 4% gain, as the company lapped a difficult Q1 2020 amid the COVID-19 pandemic. Earnings-per-share equaled $1.17 compared to $0.57 in the year ago period. Tennant also updated its fiscal 2021 guidance, anticipating approximately $1.1 billion in sales and $4.10 to $4.50 in adjusted earnings-per-share. We are forecasting $4.30 in earnings-per-share for 2021, which would be a significant improvement on 2020's $2.91.

Safety & Dividend Risk Analysis

Tennant is the leader in the U.S. cleaning machines market. This serves as a competitive advantage, as Tennant's market leadership allows for better economics of scale and a superior sales network compared to its peers. During the last financial crisis, Tennant remained profitable, but its earnings still suffered considerably by falling from $1.35 in 2008 to $0.65 in 2009. This vulnerability was also visible in 2020. However, this does not appear to be a long-lasting issue.

Tennant has increased its dividend for 48 straight years and presently yields 1.2%. Tennant's dividend payout ratio became elevated during the last financial crisis. However, since that time the payout has been around a third of earnings, allowing plenty of room for future dividend increases.

Growth, Value, & Expected Total Return Analysis

Tennant's earnings-per-share have been quite lumpy over the last decade. Overall, the trend has been upwards, but there were a lot of ups and downs. Between 2010 and 2019, Tennant recorded an average annual earnings-per-share growth rate of 7%. Tennant has plans to grow its sales in the Asia/Pacific region, where it benefits from above-average market growth rates. The takeover of Chinese cleaning equipment company Gaomei improves the company's sales outlook in the Chinese market, as well as in other Asian markets. We are forecasting 8% intermediate-term growth.

Based on the expectation of $4.30 in fiscal 2021 earnings-per-share, Tennant is presently trading at a price-to-earnings ratio of 18.3. Our fair value estimate is a price-to-earnings ratio of 19, implying the possibility for 0.7% annual gains from the valuation over the next five years. When combined with the 1.2% dividend yield and 8% anticipated growth rate, we are forecasting the potential for 9.8% annual returns.

AT&T Inc. (T)

Dividend Risk Score: B
5-Year Expected Annual Total Returns: 13.3%

Overview & Current Events

AT&T is a large and diversified telecommunications company. The company has announced two transformative deals over the last 5 months.

First, on February 25th, 2021 AT&T announced it will spin off a separate company called 'New DIRECTV' that will own the 'old' DIRECTV, AT&T TV, and U-verse video. AT&T will receive $7.8 billion from New DIRECTV and will own 70% of the company after contributing its U.S. video business.

On May 17th, AT&T announced it will combine WarnerMedia with Discovery to create a new global entertainment company. AT&T will receive $43 billion in a combination of cash, securities, and retention of debt. AT&T shareholders will own 71% of the new company, with Discovery shareholders owning 29%. The company will combine HBO Max and Discovery+ to compete in the direct-to-consumer business. The new company expects $52 billion in 2023 revenue and the transaction is expected to close in mid-2022.

In the 2021 second quarter, AT&T generated $44.0 billion in revenue, up 7.6% from Q2 2020. Adjusted earnings-per-share equaled $0.89 compared to $0.83 in the year ago quarter. AT&T ended the quarter with a net debt-to-EBITDA ratio of 3.15x. For 2021, AT&T anticipates low to mid-single-digit adjusted EPS growth.

Safety & Dividend Risk Analysis

AT&T has a competitive advantage with its entrenched position in the telecom sector, which includes more than 225 million subscriptions to AT&T's services. However, this will change once the WarnerMedia and DIRECTV spinoffs are complete.

AT&T is resilient but not immune to recessions. AT&T saw a 23% decrease in earnings-per-share in the Great Recession and an 11% decrease in earnings-per-share last year.

Growth, Value, & Expected Total Return Analysis

Since 2007, AT&T has grown earnings-per-share by 1.0% per year. After paying $49 billion for DirecTV in 2015 and $85 billion for Time Warner in 2018, AT&T reversed course in 2021, deciding to spin off both businesses. AT&T will receive significant cash from these transactions, enabling it to reduce debt. The company is focusing on its roots and has growth opportunities in building out its 5G network. We expect 3% annual earnings-per-share growth per year over the next five years.

AT&T trades for a price-to-earnings ratio (P/E) of 8.7, versus our fair value P/E estimate of 11. A return to fair value could boost returns by 4.9% per year over the next 5 years. In addition, we expect annual earnings growth of 3.0%, while the stock has a 7.4% dividend yield[1]. We expect total annual returns of 13.3% per year over the next 5 years, pending more info on the share price of the upcoming Discovery/WarnerMedia company.

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[1] For more on AT&T's 'dividend reduction' from the upcoming Discovery/WarnerMedia deal, please see the Dividend Analysis section of this article.

New Jersey Resources Corp. (NJR)

Dividend Risk Score: B
5-Year Expected Annual Total Returns: 10.3%

Overview & Current Events

New Jersey Resources provides natural gas and clean energy services, transportation, distribution, asset management, and home services through its five main subsidiaries. The company owns both regulated and nonregulated operations. NJR's principal subsidiary, New Jersey Natural Gas (NJNG), owns and operates over 7,500 miles of natural gas transportation and distribution infrastructure serving over half a million customers.

The company showed strong year-over-year growth momentum in their Q2 results. Net financial earnings per share (NFEPS) more than doubled from $0.88 in Q2 2020 to $1.77 in Q2 2021. The strong growth was driven by increased demand due to exceptionally cold weather and solid customer growth. This prompted management to raise their midpoint NFEPS to $2.10 for the full year.

Safety & Dividend Risk Analysis

New Jersey Resources is fairly recession resistant as neither the Great Recession nor COVID-19 had a particularly significant impact on the business' earnings. Additionally, its payout ratio is fairly conservative at around 60% over the past few years. Last, but not least, the business provides an essential service to a substantial number of customers, further adding to the stability and longevity of the business model.

As a result, we expect the dividend to not only remain safe for the foreseeable future, but to continue growing at a similar pace to NFEPS over the long term.

Growth, Value, & Expected Total Return Analysis

The company is embarking on an aggressive $850 million investment into the solar market whereby it hopes to capture some of the fast growth taking place in the Northeastern United States solar industry. As a result, management is guiding for impressive 6% to 10% long term annualized dividend growth and we believe they can achieve this as their solar investments should combine with steady organic growth in their core businesses to achieve 7% annualized NFEPS over the next half decade.

Based on expected 2021 NFEPS of $2.10, New Jersey Resources trades for a price-to-earnings ratio of 18.6. Our fair value estimate for the company is a price-to-NFE ratio of 19. An expanding P/E multiple could boost shareholder returns by approximately 0.4% per year over the next five years. In addition, we expect annual earnings-per-share growth of 7.0%, while the stock has a 3.4% dividend yield. We expect total annual returns of 10.3% per year over the next five years.

People’s United Financial Inc. (PBCT)

Dividend Risk Score: B
5-Year Expected Annual Total Returns: 10.1%

Overview & Current Events

People’s United Financial is a diversified financial services company that provides commercial and retail banking and wealth management services via its network of over 400 branches in the Northeast and $64 billion in total assets. Between rapid organic growth, geographic expansion, and acquisitions; the bank has more than doubled its assets over the past decade.

That strong growth rate continued in Q2 as the company reported year-over-year earnings-per-share growth of 11% on the back of fee revenue strength, improved cost efficiencies, and improving loan loss provisions.

Safety & Dividend Risk Analysis

People’s United Financial saw pretty solid performance through the COVID-19 disruption, reflecting the quality of its underwriting. That said, the company did suffer considerably during the Great Recession as its earnings-per-share plummeted by 54% from $0.52 in 2007 to $0.24 in 2010.

Meanwhile, the dividend looks quite safe for the foreseeable future thanks to the high quality of its loan portfolio and sustainable 55% expected 2021 payout ratio. Furthermore, with 29 years of consecutive dividend per share growth, management has a demonstrated commitment to not only sustaining, but growing the dividend.

Growth, Value, & Expected Total Return Analysis

An important item for investors to keep in mind is that the bank is set to be acquired by M&T Bank, so continued dividend growth for shareholders will be contingent on a new management team. The good news is that, while People’s United Financial has only grown their dividend at a penny-per-year pace for the past 11 years, M&T Bank has grown its dividend at a much faster 5.2% annualized rate over the past decade.

We expect People’s United Financial to grow earnings-per-share at a 4% annualized clip for the next half decade and M&T Bank is expected to grow EPS at 5.7% annually over that same period. This bodes well for future dividend-per-share growth for shareholders.

Based on expected 2021 earnings-per-share of $1.33, People’s United Financial trades for a price-to-earnings ratio of 11.9. Our fair value estimate for the company is a price-to-earnings ratio (P/E) of 13.5. An expanding P/E multiple could boost shareholder returns by approximately 2.6% per year over the next five years. In addition, we expect annual earnings-per-share growth of 4.0%, while the stock has a 4.6% dividend yield. We expect total annual returns of 10.1% per year over the next five years.

Ranking Procedure

The method we use to compute the rankings for the Top 10 Dividend Elite is as follows:

Note: Rankings are done using *Sure Analysis Research Database* data from between 3 and 5 market days before the publication of the Top 10 Dividend Elite special report in order to allow for analysis and publication of the report.

1. Filter for securities with 25+ years of consecutive dividend increases with a Dividend Risk Score of "A" and expected total returns of 10% or higher.
2. Sort by expected total returns (the higher the better).
3. If there are fewer than 10 securities, repeat the procedure for securities with a Dividend Risk Score of "B".
4. If there are still fewer than 10 securities, repeat the steps above with a minimum expected total return threshold of 9%.
5. If there are still fewer than 10 securities, continue reducing the minimum expected total return threshold by 1 percentage point and redo steps 1 through 3 until we have 10 securities.

Note: We will veto securities as necessary from our Top 10 based on qualitative analysis. We also remove international securities from the Top 10.

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 Steady or 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.

Our expected total returns are calculated in the *Sure Analysis Research Database*. They are based on expected returns over the next five years. Our expected total returns take into account dividends, growth, and valuation returns.

Note that our expected total returns are based on the idea that the economy will continue forward 'as is' for the foreseeable future, and not encounter a recession. Recessions happen, of course, and we seek to recommend securities likely to pay steady or rising dividends during recessions. Recession safety factors into our Dividend Risk Scores, and in turn our Top 10 Dividend Elite rankings.

List Of Securities with 25+Years of Rising Dividends by Dividend Risk Score

Each of the securities with 25+ years of rising dividends 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 using data from the *Sure Analysis Research Database*. Dividend 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 'Ranking Procedure' for more information.

A-Rated Dividend Risk Scores

1. BancFirst Corp. (BANF): 2.4%
2. ABM Industries Inc. (ABM): 1.6%
3. Enterprise Bancorp, Inc. (EBTC): 2.2%
4. Lowe`s Cos., Inc. (LOW): 1.7%
5. Archer Daniels Midland Co. (ADM): 2.5%
6. Walgreens Boots Alliance Inc (WBA): 4.1%
7. Telephone and Data Systems (TDS): 3.1%
8. Polaris Inc (PII): 2%
9. Tennant Co. (TNC): 1.2%
10. Eagle Financial Services, Inc. (EFSI): 3.2%
11. Becton, Dickinson And Co. (BDX): 1.3%
12. Community Trust Bancorp, Inc. (CTBI): 3.8%
13. Farmers & Merchants Banc. (FMCB): 1.7%
14. Stryker Corp. (SYK): 0.9%
15. Stanley Black & Decker Inc (SWK): 1.6%
16. Roper Technologies Inc (ROP): 0.5%
17. First Farmers Financial Corp (FFMR): 3.1%
18. Matthews International Corp. (MATW): 2.5%
19. Northeast Indiana Bancorp Inc. (NIDB): 2.6%
20. SEI Investments Co. (SEIC): 1.2%
21. National Fuel Gas Co. (NFG): 3.5%
22. AbbVie Inc (ABBV): 4.4%
23. RenaissanceRe Holdings Ltd (RNR): 1%
24. PPG Industries, Inc. (PPG): 1.4%
25. Atmos Energy Corp. (ATO): 2.5%
26. Black Hills Corporation (BKH): 3.3%
27. MDU Resources Group Inc (MDU): 2.7%
28. Franklin Resources, Inc. (BEN): 3.8%
29. Sysco Corp. (SYY): 2.4%
30. Johnson & Johnson (JNJ): 2.5%
31. Donaldson Co. Inc. (DCI): 1.4%
32. Parker-Hannifin Corp. (PH): 1.3%
33. Stepan Co. (SCL): 1%
34. 3M Co. (MMM): 3%
35. H.B. Fuller Company (FUL): 1.1%
36. Cardinal Health, Inc. (CAH): 3.3%
37. Cincinnati Financial Corp. (CINF): 2.2%
38. RPM International, Inc. (RPM): 1.8%
39. McCormick & Co., Inc. (MKC): 1.6%
40. Sonoco Products Co. (SON): 2.8%
41. General Dynamics Corp. (GD): 2.4%
42. Aflac Inc. (AFL): 2.5%
43. Colgate-Palmolive Co. (CL): 2.2%
44. Coca-Cola Co (KO): 3%
45. Genuine Parts Co. (GPC): 2.6%
46. Leggett & Platt, Inc. (LEG): 3.5%
47. Brady Corp. (BRC): 1.6%
48. Walmart Inc (WMT): 1.5%
49. Chubb Limited (CB): 1.9%
50. UGI Corp. (UGI): 3%
51. McGrath RentCorp (MGRC): 2.3%
52. Northwest Natural Holding Co (NWN): 3.6%
53. PSB Holdings Inc (WI) (PSBQ): 1.7%
54. Carlisle Companies Inc. (CSL): 1%
55. Church & Dwight Co., Inc. (CHD): 1.2%

56. Dover Corp. (DOV): 1.2%
57. Brown & Brown, Inc. (BRO): 0.7%
58. S&P Global Inc (SPGI): 0.7%
59. Expeditors International (EXPD): 0.9%
60. Hormel Foods Corp. (HRL): 2.1%
61. Bank OZK (OZK): 2.8%
62. Commerce Bancshares, Inc. (CBSH): 1.5%
63. SJW Group (SJW): 2%
64. 1st Source Corp. (SRCE): 2.8%
65. Lincoln Electric Holdings, Inc. (LECO): 1.5%
66. Franklin Electric Co., Inc. (FELE): 0.9%
67. Gorman-Rupp Co. (GRC): 1.8%
68. Lancaster Colony Corp. (LANC): 1.5%
69. Procter & Gamble Co. (PG): 2.5%
70. Chesapeake Financial Shares (CPKF): 1.8%
71. Pentair plc (PNR): 1.1%
72. Illinois Tool Works, Inc. (ITW): 2%
73. Arrow Financial Corp. (AROW): 2.9%
74. Sherwin-Williams Co. (SHW): 0.8%
75. Medtronic Plc (MDT): 1.8%
76. W.W. Grainger Inc. (GWW): 1.4%
77. Emerson Electric Co. (EMR): 2.1%
78. Target Corp (TGT): 1.4%
79. First Financial Corp. - Indiana (THFF): 2.7%
80. Abbott Laboratories (ABT): 1.5%
81. United Bankshares, Inc. (UBSI): 4%
82. Computer Services, Inc. (CSVI): 1.9%
83. T. Rowe Price Group Inc. (TROW): 2.1%
84. Linde Plc (LIN): 1.4%
85. A.O. Smith Corp. (AOS): 1.5%
86. Tompkins Financial Corp (TMP): 2.8%
87. Tootsie Roll Industries, Inc. (TR): 1%
88. Jack Henry & Associates, Inc. (JKHY): 1.1%
89. Cintas Corporation (CTAS): 0.8%
90. Ecolab, Inc. (ECL): 0.9%
91. Nordson Corp. (NDSN): 0.7%
92. AptarGroup Inc. (ATR): 1.1%
93. MGE Energy, Inc. (MGEE): 1.9%
94. MSA Safety Inc (MSA): 1.1%
95. Brown-Forman Corp. (BF.B): 1%
96. American States Water Co. (AWR): 1.6%
97. California Water Service Group (CWT): 1.5%
98. Nucor Corp. (NUE): 1.6%
99. Badger Meter Inc. (BMI): 0.7%
100. RLI Corp. (RLI): 0.9%
101. Middlesex Water Co. (MSEX): 1.1%
102. West Pharmaceutical (WST): 0.2%%

B-Rated Dividend Risk Scores

1. AT&T, Inc. (T): 7.4%
2. Enbridge Inc (ENB): 7%
3. People`s United Financial Inc (PBCT): 4.6%
4. New Jersey Resources Corp. (NJR): 3.4%
5. Altria Group Inc. (MO): 7.2%
6. Canadian Utilities Ltd. (CDUAF): 5%
7. Novartis AG (NVS): 3.7%
8. Fortis Inc. (FTS): 3.7%
9. Kimberly-Clark Corp. (KMB): 3.4%
10. Clorox Co. (CLX): 2.6%
11. Southside Bancshares Inc (SBSI): 3.7%
12. Universal Corp. (UVV): 6%
13. International Business Machines (IBM): 4.6%
14. Consolidated Edison, Inc. (ED): 4.2%
15. Entergy Corp. (ETR): 3.6%
16. Westamerica Bancorporation (WABC): 2.9%
17. Automatic Data Processing Inc. (ADP): 1.8%
18. PepsiCo Inc (PEP): 2.7%
19. Canadian National Railway Co. (CNI): 1.9%
20. Roche Holding AG (RHHBY): 2.5%
21. Caterpillar Inc. (CAT): 2.1%
22. Raytheon Technologies Corp. (RTX): 2.3%
23. John Wiley & Sons Inc. (JW.A): 2.3%
24. Weyco Group, Inc (WEYS): 4.4%
25. VF Corp. (VFC): 2.4%
26. National Retail Properties Inc (NNN): 4.4%
27. McDonald`s Corp (MCD): 2.1%
28. Cullen Frost Bankers Inc. (CFR): 2.7%
29. Federal Realty Investment Trust (FRT): 3.7%
30. Erie Indemnity Co. (ERIE): 2.2%
31. NextEra Energy Inc (NEE): 2%
32. Essential Utilities Inc (WTRG): 2.2%
33. Essex Property Trust, Inc. (ESS): 2.6%
34. UMB Financial Corp. (UMBF): 1.4%
35. Air Products & Chemicals Inc. (APD): 2.1%
36. Community Bank System, Inc. (CBU): 2.4%
37. Albemarle Corp. (ALB): 0.8%

C-Rated Dividend Risk Scores

1. Calvin B. Taylor Bankshares (TYCB): 3.2%

2. Old Republic International Corp. (ORI): 3.6%
3. Exxon Mobil Corp. (XOM): 6%
4. Chevron Corp. (CVX): 5.2%
5. Realty Income Corp. (O): 4%
6. Thomson-Reuters Corp (TRI): 1.6%

D-Rated Dividend Risk Scores

1. Sanofi (SNY): 3.7%
2. Mercury General Corp. (MCY): 4.2%

F-Rated Dividend Risk Scores

N/A