Top 10 Dividend Elite

Top Dividend Picks With 25+ Years of Rising Dividends

November 2023 Edition

A monthly special report service from Sure Dividend

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Published on November 5th, 2023

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Top 10 Dividend Elite – November 2023

Name & Ticker	Div. Risk Score	Price	Fair Value	# Years Div. Inc	Div. Yield	Exp. Growth Return	Exp. Value Return	Exp. Total Return
3M (MMM)	A	$92	$154	65	6.5%	5.0%	10.8%	19.9%
Walgreens Boots (WBA)	A	$22	$31	47	8.9%	5.0%	7.6%	18.3%
Polaris (PII)	A	$89	$147	28	2.9%	4.0%	10.6%	17.1%
Lowe's Companies (LOW)	A	$194	$248	60	2.3%	8.0%	5.0%	15.2%
Bank OZK (OZK)	A	$39	$62	27	3.8%	2.0%	9.9%	15.0%
Target (TGT)	A	$111	$122	55	4.0%	10.0%	1.9%	14.9%
Westamerica Banc. (WABC)	A	$48	$79	30	3.6%	2.0%	10.3%	14.8%
Brady Corp. (BRC)	A	$52	$76	38	1.8%	5.0%	7.8%	14.3%
Enterprise Banc. (EBTC)	A	$27	$40	29	3.4%	3.0%	8.4%	14.2%
Dover (DOV)	A	$133	$150	68	1.5%	8.0%	2.4%	11.7%

Notes: *Data for the table above is from the 11/3/23 spreadsheet of our Sure Analysis Research Database. 'Div.' stands for 'Dividend.' '# Years Div. Inc' 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: *Sure Dividend owns MMM, WBA, LOW, OZK, WABC & EBTC.*

There were 3 changes in this month's Top 10 versus last month's Top 10. Norwood Financial (NWFL), Sonoco Products (SON), and Community Trust Bancorp (CTBI) were replaced by Lowe's Companies (LOW), Brady (BRC), and Dover (DOV)

The Top 10 has the following average characteristics:

	Top 10 Dividend Elite	S&P 500[1]
Dividend Yield:	3.9%	1.6%
Growth Rate:	5.2%	5.5%
Valuation Return:	7.5%	-0.3%
Expected Annual Total Returns:	15.5%	6.7%

Please keep reading to see detailed analyses on the Top 10 Dividend Elite.

Note: Data for this report is from 10/31/23 through 11/3/23.

[1] The S&P 500 valuation return uses the average P/E of the last 10 years for a fair value estimate.

3M Co. (MMM)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 20.3%

Overview & Current Events

3M is a large diversified industrial company founded in 1902. The company now has a market cap of $50 billion. 3M sells more than 60,000 products that are used in homes, hospitals, office buildings, and schools around the world.

On July 26th, 2022, 3M announced that it would be spinning off its Health Care segment into a standalone entity, which would have had $8.6 billion of revenue in 2021. The transaction is likely to be completed in the first half of 2024.

On June 22nd, 2023, 3M resolved claims by Public Water Suppliers which includes a present value commitment of $10.3 to $12.5 billion payable over 13 years. The deal attained preliminary court approval on August 29th, 2023. The company is still facing other potential liabilities from PFAS, PFOA, and PFOS compounds. While the amount of these liabilities is unknown, the company has shown an ability to spread out liability payments far into the future, which reduces their cash flow impact in any one year.

Also on August 29th, 3M announced it reached an agreement to resolve the Combat Arms Earplug litigation against Aearo Technologies. Under the agreement, 3M will pay $6.0 billion between 2023 and 2029, including $5.0 billion in cash and $1.0 billion in 3M common stock.

3M reported Q3 2023 earnings on October 24th. For the quarter, revenue declined 3.6% to $8.3 billion, but was $280 million above estimates. Adjusted earnings-per-share of $2.68 compared to $2.69 in the prior year but was $0.33 more than projected. 3M updated its outlook for 2023 as well, with the company now expecting adjusted earnings-per-share between $8.95 to $9.15, up from $8.60 to $9.10. On a comparable basis, adjusted earnings-per-share for 2022 was $9.88. Organic growth for 2023 is now projected to be down 3% compared to a prior range of down 3% to flat.

Safety & Dividend Risk Analysis

3M operates in a cyclical industry that tends to rise and fall with the health of the economy. At 65 years, 3M has one of the longest dividend growth streaks in the market. Legal woes have called the company’s dividend into perspective. 3M should be able to continue slowly increasing its dividend as it can access debt to fund litigation expenses as needed, in addition to its own free cash flows. The company currently has a 66% payout ratio. If a dividend reduction were to occur, it will likely be in conjunction with the health care spinoff in 2024.

Growth, Value & Expected Total Return Analysis

We believe 3M could see 5% annual earnings growth through 2028. Shares are trading at 10.0 times our expected earnings-per-share of $9.05 for 2023, compared to our target P/E of 17, implying an 11.2% tailwind to annual returns for the period. We forecast annual returns of 20.3% through 2028, stemming from a 5% earnings growth rate, a 6.6% starting yield, and the aforementioned contribution from valuation multiple expansion.

Walgreens Boots Alliance Inc. (WBA)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 19.3%

Overview & Current Events

Walgreens Boots Alliance is the largest retail pharmacy in both the U.S. and Europe. The $18 billion market cap company has a presence in nine countries and has more than 13,000 stores in the U.S., Europe, and Latin America. The company also has a 47-year dividend growth streak and produces $139 billion in annual revenue.

Walgreens posted fourth-quarter earnings on June 27th, 2023. Sales grew 9% but earnings-per-share fell 18% over last year's quarter, from $0.82 to $0.67, due to high COVID-19 vaccinations and tests in last year's period. Earnings-per-share missed the consensus analyst estimate by $0.02.

As the pandemic has subsided, Walgreens is facing tough comparisons. Given also a higher expected tax rate, Walgreens provided guidance for adjusted earnings-per-share of only $3.20 to $3.50 in fiscal 2024. For comparison, the company generated adjusted earnings-per-share of $3.98 in fiscal 2023.

Walgreens sold part of its stake in AmerisourceBergen for $1.9 in fiscal 2023 to help reduce debt. The company has $9.1 billion in short- and long-term debt and $6.3 billion in accrued litigation expenses mainly related to opioids. For comparison, the company is expecting ~$2.9 billion in after-tax profits in fiscal 2024.

On September 1st, Walgreens announced CEO, Rosalind Brewer, was resigning. On October 11th, the company announced that Tim Wentworth will become the next CEO.

Safety & Dividend Risk Analysis

Walgreens' competitive advantage lies in its vast scale and network in an important and growing industry. In the Great Recession, earnings-per-share slipped only 7% and the dividend kept rising. The stock is offering a dividend yield of 9.3%. The projected payout ratio is 57% and the company has shown resilience to recessions. Walgreens has grown its dividend for 47 consecutive years.

Growth, Value & Expected Total Return Analysis

Walgreens has grown its earnings-per-share by 6.3% per year from fiscal 2014 through fiscal 2022. This was driven by a combination of factors including solid top-line growth ($76 billion to $133 billion), net profit margin expansion, and a modest reduction in the number of shares outstanding. Due to the fading tailwind from the pandemic and heating competition, we expect 5% growth over the next five years.

Shares are trading hands at just 6.2 times our estimate of 2023 earnings. Our fair value multiple is 9.3 times earnings, indicating the potential for an 8.5% annual tailwind from the valuation. When combined with the 9.3% yield and 5.0% growth, we project potential total returns of 19.3% per year.

Polaris Inc. (PII)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 17.6%

Overview & Current Events

Founded in 1954 and headquartered in Medina, Minnesota, Polaris designs, engineers, and manufactures snowmobiles, all-terrain vehicles (ATVs), and motorcycles. In addition, related accessories and replacement parts are sold for these vehicles through dealers located throughout the U.S. The company operates 30+ brands including Polaris, Ranger, RZR, Sportsman, Indian Motorcycle, Slingshot, and Transamerican Auto Parts. The global powersports maker, serving over 100 countries, generated $8.6 billion in sales in 2022 and has a nearly $5 billion market capitalization.

On October 24th, 2023, Polaris reported Q3 results. Revenue decreased 3.8% to $2.25 billion, which was $20 million less than expected. Adjusted earnings-per-share of $2.71 compared unfavorably to $3.25 in the prior year and was $0.02 less than anticipated.

For the quarter, Marine sales declined 48%, On-Road fell 19%; and Off-Road, the largest component of the company, improved 6%. Sales for Marine and On-Road were lower due to a decrease in volumes. Off-Road benefited from strength in snowmobile demand and gains in Parts, Garments, and Accessories. Polaris updated guidance for 2023. For the year, the company now expects revenue to be up 3% to 5% compared to prior guidance of up 3% to 6%. Adjusted earnings-per-share are now projected to be down 4% to down 8% compared to prior guidance of down 2% to up 3%.

Safety & Dividend Risk Analysis

Despite its somewhat cyclical industry, Polaris held up very well during the Great Recession. The company's earnings-per-share for the 2006 to 2010 period were $1.36, $1.55, $1.75, $1.53, and $2.14. Earnings-per-share were flat for the worst of the period and the company established a new high in 2010. Results have been mostly higher since, including 22% growth in 2020.

The company has increased its dividend payments for 28 consecutive years, a surprisingly strong streak given the cyclical nature of Polaris' operations. The company has achieved this by maintaining a low payout ratio to buffer earnings downturns when they occur. The company's current payout ratio is just 28% of expected 2023 earnings.

Growth, Value & Expected Total Return Analysis

Polaris has grown its earnings-per-share at a 7.6% annual rate from 2013 through 2022. The company can generate growth via replacement needs for ATVs, snowmobiles, and similar vehicles; growth in international markets; bolt-on acquisitions; and margin expansion. We see 4% growth of earnings-per-share over the next five years.

Polaris is trading for just 8.9 times expected fiscal 2023 earnings. This valuation multiple is well below our fair price-to-earnings ratio of 15.0. Should shares revert to this level over the next 5 years, the stock would enjoy an 11.2% annualized tailwind. When combined with a 4.0% growth rate and the 3.0% dividend, expected total returns come to 17.6% per year over the next five years.

Lowe's Companies Inc. (LOW)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 15.5%

Overview & Current Events

Lowe's Companies is the second-largest home improvement retailer in the U.S. (after Home Depot). The company, which has a current market capitalization of $112 billion, was founded in 1946 and is headquartered in Mooresville, NC. Lowe's operates or services more than 1,700 home improvement and hardware stores in the U.S.

Lowe's reported second-quarter 2023 results on August 22nd, 2023. Total sales for the second quarter came in at $25.0 billion compared to $27.5 billion in the same quarter a year ago. Comparable sales decreased 1.6% and net earnings declined 2.4% year-over-year to $4.56 per share.

The company repurchased 10.1 million shares in the second quarter for $2.2 billion. Additionally, it paid out $624 million in dividends.

Lowe's launched same-day delivery nationwide and expanded its rural merchandising framework to 300 stores.

The company reaffirmed its fiscal 2023 outlook and believes it can achieve adjusted diluted earnings-per-share (EPS) in the range of $13.20 to $13.60 on total sales of roughly $88 billion. For comparison, the company generated adjusted EPS of $10.17 in fiscal 2022 and achieved all-time high adjusted EPS of $12.04 in 2021.

Safety & Dividend Risk Analysis

Lowe's is in a somewhat cyclical industry, but the company performed relatively well during the great financial crisis, with earnings-per-share declining by less than 20% from 2007 to 2009. This result is more impressive considering the housing market collapsed during that period. The company also performed extremely well in 2020 and 2021, posting all-time adjusted EPS highs both years.

Solid performance under adverse economic conditions has enabled Lowe's to grow its dividend for 60 consecutive years, qualifying the company as a Dividend King. With an expected payout ratio of 33% for 2023, this dividend growth streak should continue for years to come.

Growth, Value & Expected Total Return Analysis

Lowe's has increased its earnings-per-share at a blistering 18.8% from 2013 through 2022 thanks to the trifecta of share repurchases, revenue growth, and profit margin expansion. We are more conservative in our estimate of 8% growth going forward.

Shares of the company are trading at 14.3 times our forecasted earnings-per-share of $13.40 for 2023. This is below our target price-to-earnings ratio of 18.5, implying a tailwind from multiple expansion. Reaching our target valuation by 2028 would add 5.3% to annual returns over this period.

Combined with our expected growth rate of 8% and a starting yield of 2.3%, we project that Lowe's could provide annual returns of 15.5% through 2028.

Bank OZK (OZK)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 16.8%

Overview & Current Events

Bank OZK, previously Bank of the Ozarks, is a regional bank that offers services such as checking, business banking, commercial loans, and mortgages to its customers in Arkansas, Florida, North Carolina, Texas, Alabama, South Carolina, New York, and California. The $4.3 billion market cap bank was founded in 1903 and is headquartered in Little Rock, AR.

On October 2nd, 2023, Bank OZK announced a $0.37 quarterly dividend, representing a 2.8% raise over the last quarter's payment and a 12.1% raise year-over-year. This marks the company's 53rd consecutive *quarter* of raising its dividend.

In mid-October, Bank OZK reported (10/19/23) financial results for the third quarter of fiscal 2023. Total loans and deposits grew 30% and 25%, respectively, over last year's quarter. Net interest income grew 3% sequentially, in sharp contrast to most banks, which incurred a decline in net interest income due to a higher cost of deposits. Earnings-per-share grew 1% sequentially, from $1.47 to a new all-time high of $1.49.

In contrast to most banks, which are being pressured by rising deposit costs, Bank OZK is growing its net interest margin and its earnings. Bank OZK is an exemplary bank and we are confident that it will not be significantly impacted by recent regional bank turmoil.

Safety & Dividend Risk Analysis

Bank OZK not only remained profitable during the Great Recession but managed to grow its earnings and dividends as well. The bank also managed to grow its dividend in 2020, though earnings-per-share did decline 32% before reaching new all-time highs in 2021 (and again in 2022, with new all-time highs expected for 2023).

The company has managed to increase its dividends through difficult economic periods because it has achieved profitability through recessions, and because it maintains a conservative payout ratio. Bank OZK's payout ratio is just 26% of expected 2023 earnings.

Growth, Value & Expected Total Return Analysis

We believe that Bank OZK will continue to grow. Factors like general economic growth, the interest rate hikes of the Fed, a low payout ratio, and coming off a conservative base should help results. Non-interest income makes up just a small amount of the bank's profits. Due to record earnings-per-share expected this year, we expect 2% earnings-per-share growth over the next five years. This is much lower than the historical growth rate of Bank OZK but is warranted due the high comparison base.

Shares are presently trading hands at just 6.4 times our estimate of 2023 earnings. Our fair value multiple is 11.0 times earnings, indicating the potential for a 11.6% annual tailwind from valuation expansion over the next 5 years. When combined with the 4.1% starting dividend yield and 2% anticipated growth, this implies the potential for 16.8% annual total returns.

Target Corp. (TGT)

Dividend Risk Score: A

5-Year Expected Annual Total Returns: 14.9%

Overview & Current Events

Target was founded in 1902 and after a failed bid to expand into Canada, has operations solely in the U.S. market. Its business consists of about 1,850 big box stores, which offer general merchandise and food, as well as serving as distribution points for the company's e-commerce business. Target has a market capitalization of $51 billion and should produce about $108 billion in annual revenue.

On June 15th, 2023, Target increased its quarterly dividend 1.9% to $1.10.

Target posted second-quarter earnings on August 16th, 2023. Adjusted earnings-per-share equaled $1.80, which was 38 cents better than expected. Revenue was $24.8 billion, down 4.9% year-over-year. The company also sizably lowered its full-year sales and profit expectations due to weakening sales, but rising margins.

Comparable sales fell 5.4%. Operating margin was 4.8% of revenue, up from 1.2% a year ago. Gross margin was 27.0% of sales, up sharply from 21.5%, reflecting lower markdowns and other inventory-related costs, lower freight costs, pricing increases, and lower supply chain and fulfillment costs. The company has $9.7 billion in remaining share repurchase authorizations and did not repurchase any stock in Q2. Our estimate is now $7.60 in earnings-per-share for this year.

Safety & Dividend Risk Analysis

Target's competitive advantage comes from its everyday low prices on attractive merchandise in its guest-friendly stores. In 2008, its earnings-per-share fell 14%. Nevertheless, that performance was much better than most companies, which saw their earnings collapse during the Great Recession. Moreover, it took only one year for Target's earnings to return to its pre-crisis level. Target also held up well during the pandemic, displaying its resilience.

Target has increased its dividend for 55 years and has a payout ratio of 58%. We believe the company can continue its storied streak of dividend increases.

Growth, Value & Expected Total Return Analysis

Target has grown its earnings-per-share at an average annual rate of nearly 13% during the last decade. Due to fierce competition and the failed attempt to expand into Canada, Target's earnings-per-share remained almost flat from 2012 to 2017. However, turnaround efforts have borne fruit and as a result, Target has significantly improved its performance in recent quarters. The company has reduced its share count by about 4.8% per year over the last six years, although the pace of buybacks has slowed as its share price has risen.

Overall, we expect 10% annualized growth from what should be a low level for 2023 given margin issues that cropped up in recent quarters. When combined with the 4.0% starting dividend yield and 1.9% expected change from the valuation, this implies 14.9% in annual returns over the next five years.

Westamerica Bancorp. (WABC)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 14.8%

Overview & Current Events

Westamerica Bancorporation is the holding company for Westamerica Bank. Westamerica Bancorp. is a regional community bank with nearly 80 branch locations in Northern and Central California. The company can trace its origins back to 1884. Westamerica offers clients access to savings, checking, and money market accounts. The company's loan portfolio consists of both commercial and residential real estate loans as well as construction loans. Westamerica has annual revenues around $325 million.

On October 20th, 2023, Westamerica reported third-quarter earnings results for the period ending September 30th, 2023. Revenue increased 14.8% to $83.4 million while GAAP earnings-per-share of $1.56 compared to $1.26 in the prior year. Revenue was $3.5 million better than expected while earnings-per-share were $0.13 above estimates.

As of the end of the quarter, nonperforming loans increased 28.2% to $1.24 million year-over-year and grew 45.1% quarter-over-quarter. Third quarter results included provisions for credit losses of $400,000 compared to no credit losses in the prior year. Total loans decreased 8.6% to $904 million as commercial loans fell 20.4% while consumer loans were lower by 14.7%. Net interest income was $72.1 million, which compares to $70.3 million for the second quarter of 2023 and $60.7 million in the third quarter of 2022. Net interest margin of 4.43% compared to 4.34% in the second quarter of 2023 and 3.44% in the third quarter of 2022. Average total deposits declined 11.9% to $5.7 billion.

Analysts expect that the company will earn $6.06 in 2023, compared to $5.85, $5.38, and $5.98 previously.

Safety & Dividend Risk Analysis

Despite its small size, the company outperformed its peer group during the last recession. Unlike many in the banking sector, Westamerica Bancorp. showed resiliency during the time period of 2007 to 2009, with earnings-per-share growing 4.6% during the period. Rising interest rates have benefited the company greatly.

The company has increased its dividend for 30 years. It should be noted that the company tends to raise its dividend every other year.

Growth, Value & Expected Total Return Analysis

Earnings-per-share have a compound annual growth rate of almost 7% over the last decade. As earnings are starting from a high base, we conservatively forecast growth of 2% per year.

Shares of Westamerica Bancorp. are trading at 8.0 times our earnings-per-share estimate for 2023. With a target price-to-earnings ratio of 13, this implies a meaningful tailwind from multiple expansion. Reaching this target by 2028 would result in valuation adding 10.3% to annual returns over this period. In total, we expect that Westamerica Bancorp. could return 14.8% per year through 2028, stemming from 2% earnings growth, a 3.6% starting yield, and a tailwind from multiple expansion.

Brady Corp. (BRC)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 14.3%

Overview & Current Events

Founded in 1914, Brady Corp. manufactures and markets specialty materials. The company operates in two segments: Identification Solutions and Workplace Safety. Its product lines include absorbents, labels, pipes and valves, signs, tags, tapes, and printers. Brady generates $1.3 billion in annual revenue and trades with $2.5 billion market cap.

On September 4th, 2023, Brady increased its quarterly dividend 2.2% to $0.235, extending the company's dividend growth streak to 38 consecutive years.

On September 5th, 2023, Brady announced results for the fourth quarter and fiscal year 2023 for the period ending July 31st, 2023. For the quarter, revenue increased 6.8% to $345.9 million. Adjusted earnings-per share of $1.04 was a company record and compared favorably to $0.87 in the prior year. For fiscal year 2023, sales grew 2.3% to $1.33 billion while adjusted earnings-per-share reached a record $3.64.

Organic revenue grew 6.9% for the quarter and 5.5% for the year. The company also announced a $100 million share repurchase authorization. Brady's outlook for fiscal 2024 shows expected adjusted earnings-per-share in a range of $3.85 to $4.10 for the period.

Safety & Dividend Risk Analysis

Brady maintains a leadership position in both of its main product categories thanks to sufficient research and development. The merits of its strong position in its business are reflected in the exceptional dividend growth record of the stock. Brady is a Dividend Champion, with 38 consecutive years of dividend growth. Thanks to its healthy payout ratio of 24% of expected 2024 earnings and its low-debt balance sheet, the company can easily continue raising its dividend for the foreseeable future.

On the other hand, due to its industrial nature, Brady is vulnerable to recessions. We expect Brady to endure any potential downturn and emerge stronger given its past track record, but investors should be prepared for pressure on the company whenever recessionary pressures exist.

Growth, Value & Expected Total Return Analysis

Brady grew its earnings-per-share by 10.1% per year from fiscal 2014 through fiscal 2023. Growth was in the double digits in 2021, 2022, and 2023, but we prefer to remain cautious due to the volatile performance record of the company. As a result, we estimate 5% average annual growth of earnings-per-share going forward.

Shares are presently trading hands at 13.1 times expected earnings in fiscal 2024. This P/E ratio is lower than our fair value estimate of 19.0, indicating the potential for a 7.8% annualized valuation tailwind over the next 5 years. Including the 1.8% dividend yield and 5% anticipated growth, the stock could offer a 14.3% annual total return over the next 5 years.

Enterprise Bancorp Inc. (EBTC)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 14.2%

Overview & Current Events

Enterprise Bancorp was formed in 1996 as the parent holding company of Enterprise Bank and Trust Company, referred to as Enterprise Bank which started in 1989. Enterprise Bancorp has 27 full-service branches in the North Central region of Massachusetts and Southern New Hampshire. The primary business operation of the company is gathering deposits from the general public and investing in commercial loans and investment securities.

Enterprise has a market cap of $327 million and is an exceptionally managed bank, which *has remained profitable in every single quarter since its formation*.

Enterprise reported results for the third quarter of fiscal 2023 on October 24th, 2023. Loans grew 9% but deposits fell 2% over the prior year's quarter. Net interest margin shrank from 3.61% to 3.46% due to higher deposit costs, net interest income decreased 3%, and earnings-per-share fell 19% (from $0.98 to $0.79).

The stock has declined 24% this year due to the regional bank selloff. However, we remain confident in this exemplary bank, which has proved essentially immune to downturns thanks to its rock-solid business model. Enterprise is not facing any liquidity issues. On the other hand, due to an increase in deposit costs, we have lowered our forecast for annual earnings-per-share from $3.65 to $3.35.

Safety & Dividend Risk Analysis

During the Great Recession, the stock of Enterprise fell only 3% and its earnings-per-share grew 37%, from $0.70 to $0.96. The outstanding performance in the worst financial crisis of the last 90 years is a testament to the great management of the bank and its resilience to recessions. The bank also proved resilient to the pandemic, as it posted just a 9% decrease in earnings-per-share in 2020 and record earnings in 2021 and 2022.

Enterprise has grown its dividend for 29 consecutive years. During the last decade, it has grown its dividend at a 7.2% average annual rate. Thanks to its low payout ratio of 27.5% of expected 2023 earnings, and its robust business model, the bank is likely to keep raising its dividend for many more years. It is now offering a dividend yield of 3.4%.

Growth, Value & Expected Total Return Analysis

Enterprise has an outstanding performance record, as it has remained profitable for 135 consecutive quarters. This is a testament to its prudent management and its focus on sustainable long-term growth. The bank has grown its earnings-per-share at an 11.1% average annual rate in the last decade. Due to the high comparison base formed by record earnings this year, we expect 3.0% growth in earnings-per-share over the next five years.

Shares are trading at 8.0 times our estimate of 2023 earnings. Our fair value multiple is 12.0 times earnings, indicating the potential for an 8.4% annual tailwind from the valuation. When combined with the 3.4% starting dividend yield and 3.0% anticipated growth, expected total returns over the next five years come to 14.2% per year.

Dover Corp. (DOV)

Dividend Risk Score: A
5-Year Expected Annual Total Returns: 11.7%

Overview & Current Events

Dover is a diversified global industrial manufacturer with annual revenue of $8.5 billion and an $18.6 billion market cap. The company is composed of five reporting segments, including Engineered Systems, Clean Energy & Fueling, Pumps & Process Solutions, Imaging & Identification, and Climate & Sustainability Technologies. Slightly more than half of its revenue comes from the U.S., with the rest coming from international markets.

On August 3rd, 2023, Dover announced that it was raising its dividend 1%, marking 68 consecutive years of dividend growth. This is the second-longest dividend growth streak among U.S. public companies.

On October 24th, 2023, Dover announced third-quarter results. For the quarter, revenue decreased 0.2% to $2.15 billion, which was $70 million less than expected. Adjusted earnings-per-share of $2.35 compared favorably to $2.25 in the prior year and were $0.02 above estimates. Organic revenue was lower by 2% year-over-year, but up 3% sequentially. Dover's backlog decreased 7.1% from the preceding quarter to $2.6 billion but is up 19% from 2019 levels.

Dover provided revised guidance for 2023 as well. Adjusted earnings-per-share are now expected in a range of $8.75 to $8.85 for the year, compared to $8.85 to $9.00 previously. Revenue growth is now projected to be flat for the year, down from 2% to 4% previously.

Safety & Dividend Risk Analysis

Dover's most important competitive advantage is that it holds a sizeable portfolio of intellectual property. Dover operates in a cyclical industry, but its strong business model has helped the company navigate through tough economic conditions. Earnings-per-share did decline 38% from 2007 to 2009. However, Dover rebounded to establish a new high for earnings-per-share the very next year. The company also saw earnings-per-share decline just 3% in fiscal 2020, before recovering to new highs in 2021.

Dover has increased its dividend for an incredible 68 consecutive years. This is the second-longest dividend growth streak among U.S. public companies. The dividend is likely to continue to grow as the payout ratio is only 23% of expected 2023 earnings.

Growth, Value & Expected Total Return Analysis

Dover's earnings-per-share have a compound annual growth rate of 5.4% from 2013 through 2022. Growth has accelerated in the medium term, at an annual rate of 14.0% from 2017 through 2022. We estimate 8.0% earnings-per-share growth ahead.

Shares are trading at 15.1 times our estimate of 2023 earnings. Our fair value multiple is 17.0 times earnings, indicating a 1.7% annual tailwind from multiple expansion.

When combined with our expectation for earnings growth of 8% and the stock's current yield of 1.5%, we forecast expected annual returns of 11.7% over the next 5 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 2 and 5 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 total return 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.

Click on the name of any security below to go to that security's Sure Analysis page (if you are a member of the *Sure Analysis Research Database*).

A-Rated Dividend Risk Scores

1. Albemarle Corp. (ALB): 1.3%
2. 3M Co. (MMM): 6.6%
3. Walgreens Boots Alliance Inc (WBA): 9.1%
4. Sonoco Products Co. (SON): 3.9%
5. Polaris Inc (PII): 3%
6. Bank OZK (OZK): 4.1%
7. Lowe`s Cos., Inc. (LOW): 2.3%
8. Westamerica Bancorporation (WABC): 3.7%
9. Black Hills Corporation (BKH): 5.2%
10. Target Corp (TGT): 4%
11. Sysco Corp. (SYY): 3.1%
12. Brady Corp. (BRC): 1.8%
13. Enterprise Bancorp, Inc. (EBTC): 3.5%
14. Medtronic Plc (MDT): 3.9%
15. Roche Holding AG (RHHBY): 4%
16. Stanley Black & Decker Inc (SWK): 3.8%
17. ABM Industries Inc. (ABM): 2.2%
18. Chesapeake Financial Shares Inc (CPKF): 3.4%
19. Automatic Data Processing Inc. (ADP): 2.3%
20. Southside Bancshares Inc (SBSI): 5.2%
21. Community Trust Bancorp, Inc. (CTBI): 4.9%
22. PPG Industries, Inc. (PPG): 2.1%
23. Tennant Co. (TNC): 1.5%
24. Cullen Frost Bankers Inc. (CFR): 4%
25. Northwest Natural Holding Co (NWN): 5.3%
26. Genuine Parts Co. (GPC): 2.9%
27. Donaldson Co. Inc. (DCI): 1.7%
28. Dover Corp. (DOV): 1.6%
29. Archer Daniels Midland Co. (ADM): 2.5%
30. Farmers & Merchants Bancorp (FMCB): 1.7%
31. Johnson & Johnson (JNJ): 3.2%
32. Eagle Financial Services, Inc. (EFSI): 3.9%
33. Stryker Corp. (SYK): 1.1%
34. SEI Investments Co. (SEIC): 1.6%
35. National Fuel Gas Co. (NFG): 3.9%
36. Coca-Cola Co (KO): 3.3%
37. Lancaster Colony Corp. (LANC): 2%
38. SJW Group (SJW): 2.4%
39. Northeast Indiana Bancorp Inc. (NIDB): 3.3%
40. Gorman-Rupp Co. (GRC): 2.4%
41. Graco Inc. (GGG): 1.3%
42. RPM International, Inc. (RPM): 2%
43. Parker-Hannifin Corp. (PH): 1.6%
44. Atmos Energy Corp. (ATO): 2.7%
45. Federal Realty Investment Trust. (FRT): 4.8%
46. Caterpillar Inc. (CAT): 2.3%
47. S&P Global Inc (SPGI): 1%
48. Becton Dickinson & Co. (BDX): 1.4%
49. ITT Inc (ITT): 1.2%
50. Colgate-Palmolive Co. (CL): 2.6%
51. Norwood Financial Corp. (NWFL): 4.5%
52. Pentair plc (PNR): 1.5%
53. Hormel Foods Corp. (HRL): 3.4%
54. Matthews International Corp. (MATW): 2.6%
55. Bancfirst Corp. (BANF): 2.1%
56. Middlesex Water Co. (MSEX): 2%
57. Cincinnati Financial Corp. (CINF): 3%
58. Nordson Corp. (NDSN): 1.3%
59. Andersons Inc. (ANDE): 1.5%
60. First Farmers Financial Corp (FFMR): 3.1%
61. Commerce Bancshares, Inc. (CBSH): 2.5%
62. Jack Henry & Associates, Inc. (JKHY): 1.5%
63. Carlisle Companies Inc. (CSL): 1.3%
64. First Financial Corp. - Indiana (THFF): 3.1%
65. Emerson Electric Co. (EMR): 2.3%
66. Sherwin-Williams Co. (SHW): 1%
67. Franklin Resources, Inc. (BEN): 5.3%
68. MSA Safety Inc (MSA): 1.2%
69. Roper Technologies Inc (ROP): 0.6%

70. Brown & Brown, Inc. (BRO): 0.7%
71. Illinois Tool Works, Inc. (ITW): 2.5%
72. American States Water Co. (AWR): 2.2%
73. A.O. Smith Corp. (AOS): 1.8%
74. Lincoln Electric Holdings, Inc. (LECO): 1.6%
75. MGE Energy, Inc. (MGEE): 2.4%
76. Cintas Corporation (CTAS): 1.1%
77. PSB Holdings Inc (WI) (PSBQ): 2.8%
78. Tompkins Financial Corp (TMP): 4.8%
79. H.B. Fuller Company (FUL): 1.2%
80. McDonald`s Corp (MCD): 2.5%
81. United Bankshares, Inc. (UBSI): 5.1%
82. Brown-Forman Corp. (BF.B): 1.5%
83. Church & Dwight Co., Inc. (CHD): 1.2%
84. Abbott Laboratories (ABT): 2.2%
85. Franklin Electric Co., Inc. (FELE): 1%
86. Tootsie Roll Industries, Inc. (TR): 1.2%
87. Walmart Inc (WMT): 1.4%
88. W.W. Grainger Inc. (GWW): 1%
89. Ecolab, Inc. (ECL): 1.3%
90. AbbVie Inc (ABBV): 4.4%
91. Procter & Gamble Co. (PG): 2.5%
92. General Dynamics Corp. (GD): 2.2%
93. 1st Source Corp. (SRCE): 3%
94. Stepan Co. (SCL): 2%
95. Chubb Limited (CB): 1.6%
96. RenaissanceRe Holdings Ltd (RNR): 0.7%
97. California Water Service Group (CWT): 2.1%
98. AptarGroup Inc. (ATR): 1.3%
99. McGrath RentCorp (MGRC): 1.8%
100. Linde Plc. (LIN): 1.3%
101. Aflac Inc. (AFL): 2.2%
102. Badger Meter Inc. (BMI): 0.8%
103. Expeditors International of Washington, Inc. (EXPD): 1.3%
104. Chevron Corp. (CVX): 4.1%
105. Exxon Mobil Corp. (XOM): 3.6%
106. Cardinal Health, Inc. (CAH): 2.2%
107. West Pharmaceutical Services, Inc. (WST): 0.3%
108. RLI Corp. (RLI): 0.8%
109. Nucor Corp. (NUE): 1.4%

B-Rated Dividend Risk Securities

1. Eversource Energy (ES): 5%
2. UGI Corp. (UGI): 7.2%
3. Enbridge Inc (ENB): 8.2%
4. Altria Group Inc. (MO): 9.8%
5. Universal Health Realty Income Trust (UHT): 7.5%
6. Clorox Co. (CLX): 4.1%
7. NNN REIT Inc (NNN): 6.2%
8. Essex Property Trust, Inc. (ESS): 4.3%
9. NextEra Energy Inc (NEE): 3.2%
10. Calvin b. Taylor Bankshares, Inc. (TYCB): 3.2%
11. New Jersey Resources Corporation (NJR): 4.1%
12. First Of Long Island Corp. (FLIC): 7.8%
13. Essential Utilities Inc (WTRG): 3.7%
14. Community Bank System, Inc. (CBU): 4.5%
15. Universal Corp. (UVV): 7.1%
16. Fortis Inc. (FTS): 4.2%
17. Enterprise Products Partners L P (EPD): 7.7%
18. McCormick & Co., Inc. (MKC): 2.4%
19. Artesian Resources Corp. (ARTNA): 2.9%
20. J.M. Smucker Co. (SJM): 3.7%
21. Entergy Corp. (ETR): 4.7%
22. Novartis AG (NVS): 3.7%
23. RTX Corp (RTX): 2.9%
24. Kimberly-Clark Corp. (KMB): 3.9%
25. T. Rowe Price Group Inc. (TROW): 5.4%
26. Canadian Utilities Ltd. (CDUAF): 6.1%
27. John Wiley & Sons Inc. (WLY): 4.6%
28. PepsiCo Inc (PEP): 3.1%
29. Canadian National Railway Co. (CNI): 2.2%
30. York Water Co. (YORW): 2.2%
31. UMB Financial Corp. (UMBF): 2.5%
32. Old Republic International Corp. (ORI): 3.6%
33. Thomson-Reuters Corp (TRI): 1.6%
34. Consolidated Edison, Inc. (ED): 3.7%
35. International Business Machines Corp. (IBM): 4.6%
36. Air Products & Chemicals Inc. (APD): 2.5%
37. C.H. Robinson Worldwide, Inc. (CHRW): 3%
38. NACCO Industries Inc. (NC): 2.5%
39. Erie Indemnity Co. (ERIE): 1.7%

C-Rated Dividend Risk Securities

1. Sanofi (SNY): 4.2%
2. W. P. Carey Inc (WPC): 8%
3. Realty Income Corp. (O): 6.5%
4. Leggett & Platt, Inc. (LEG): 7.9%
5. Telephone And Data Systems, Inc. (TDS): 4.1%

D-Rated Dividend Risk Securities

1. Arrow Financial Corp. (AROW): 5.1%

F-Rated Dividend Risk Securities

1. N/A

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this special report 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.