SIMPLY SAFE DIVIDENDS

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Intelligent Income℠

Quality dividend ideas for safe income and long-term growth

Monthly Recap

Following a tumultuous fourth quarter, the S&P 500 (SPY) rallied 3% higher in February to bring its year-to-date return to 11%, good for its best start to a year since 1991, according to The Wall Street Journal. The market has roared back from its Christmas Eve low, returning about 20%.

Many of the factors that caused investors to worry late last year appear to be reversing. In February the Federal Reserve stated that it will take a "patient approach" as it evaluates future interest rate hikes. The U.S. and China appear to be drawing closer to a trade deal. And better-than-expected fourth-quarter GDP growth and corporate earnings suggest the economy remains on solid ground.

With almost all S&P 500 companies now having reported quarterly results, their blended revenue and EPS growth rates sit at 5.8% and 13.1%, respectively, according to FactSet. In 2019 analysts expect earnings growth of 4.1% and revenue growth of 5.1%. If realized, such results would not only support another year of healthy dividend growth, but the current economic expansion which began in 2009 would also become the longest on record.

Of course, no one can forecast how the future will play out with any amount of consistency. In fact, when looking at five year growth forecasts, the stocks analysts expect to growth the fastest actually grow no faster than stocks they expect to grow the slowest, according to *The Little Book of Behavioral Investing*.

In This Issue

Portfolio Updates

Idea Generation

Resources

- Our Best Dividend Articles
- Dividend Safety Scores

Quote of the Month

"When you learn to let go of the need to be right, being wrong gradually loses its power to disturb you." – Yvan Byeajee

However, time and again investors fire off trades for any number of reasons – a bullish article on Seeking Alpha, a hunch that the energy sector is primed to bounce back, a high target price touted in a broker's research report, fears of an imminent bear market, a newsletter recommendation. The list goes on, but have your trades resulted in a net performance benefit?

Our portfolios turn four years old this June, so enough time has gone by to evaluate most of the incremental trades I've made since setting the portfolios up in mid-2015. As many of you know, I try to keep portfolio turnover extremely low. I'm buying businesses for the long haul. Here is a look at the number of trades I've made in each of our portfolios since inception:

- **Top 20 Dividend Stocks:** exited 5 positions, trimmed 1, bought 5 new positions
- **Conservative Retirees:** exited 8 positions, trimmed 1, bought 12 new positions
- **Long-Term Dividend Growth**: exited 8 positions, bought 8 new positions

Basically, we've replaced an average of just 1-2 positions per year in each portfolio, representing an annual turnover rate of less than 10%. For context, the average managed mutual fund's turnover rate is 85%, meaning almost all of their holdings are replaced over the course of just one year. As you can see in the performance table below, our lack of trading activity has generated results well above my goal of delivering a long-term annual return between 8% and 10% (keeping up with the broader market) while generating safe, growing dividends each year.

				As of 2/28/2019	
				Annualized	
	Inception Date	**February 2019**	**YTD**	**1 Year**	**Since Inception**
Top 20 Dividend Stocks Portfolio	**6/12/2015**	**4.37%**	**10.16%**	**6.34%**	**13.65%**
S&P 500 Index (SPY)		3.24%	11.46%	4.53%	10.09%
Schwab U.S. Dividend Equity ETF (SCHD)		4.06%	10.35%	5.67%	10.77%
Conservative Retirees Portfolio	**6/17/2015**	**4.62%**	**10.41%**	**13.94%**	**11.88%**
S&P 500 Index (SPY)		3.24%	11.46%	4.53%	10.05%
S&P 500 High Dividend Low Volatility ETF (SPHD)		1.79%	10.63%	11.06%	11.43%
Long-term Dividend Growth Portfolio	**6/9/2015**	**4.38%**	**11.29%**	**6.20%**	**14.19%**
S&P 500 Index (SPY)		3.24%	11.46%	4.53%	10.29%
Vanguard Dividend Appreciation ETF (VIG)		4.58%	11.19%	8.05%	11.08%

While we are dealing with a sample size of one investor (me) and only a four-year period, during which the market has appreciated considerably, it's clear that a happy outcome can be achieved by doing very little with one's portfolio. But how much have our trades helped, if at all? What insights can we learn from the outliers?

Without having more granular attribution data, it's hard to measure the total net performance effect of the trades I've made across our three portfolios. However, if we simply annualize the total return of each position from when it was sold or bought through the end of February 2019 and take the average across each group, we get the following figures:

- **Average Annualized Total Return of Stocks Sold:** +7.8%
- **Average Annualized Total Return of Stocks Bought:** +11.9%

So our limited trading activity has probably helped our performance a little bit, but the stocks I sold collectively went on to do fairly well, compounding by 7.8% per year on average. Had I not done anything, I think I would still feel quite satisfied with our portfolios' overall returns.

Let's get to the part we've all been waiting for – reviewing my biggest trading blunders. One of my favorite exercises is to look back on my past investment moves to evaluate the outliers. Was I wrong for the right reasons? Did I just get lucky? What critical factors did I miss? How can I avoid (or replicate) a similar situation in the future? Let's look at my three worst trades first.

Worst Trade #1: Selling Aflac, Buying Wells Fargo

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
Top 20	2/29/2016	Sold	Aflac	AFL	80%
Top 20	2/29/2016	Bought	Wells Fargo	WFC	17%
				Difference:	**-64%**

This one hurts. I sold Aflac due to concerns about its investment income profile. At the time, Aflac generated more than 70% of its insurance premiums in Japan and depended significantly on investment income from Japanese Government Bonds (JGBs). JGB yields were already negative out to eight years in duration, and the Bank of Japan announced it would be implementing negative interest rates on a portion of its deposits. As a result, yields on newly issued 10-year JGBs turned negative for the first time ever, highlighting what I figured was a challenging and unprecedented investment landscape Aflac faced in that country.

As I stated in our fateful March 2016 newsletter, "While Aflac is an excellent business with a strong brand, conservative management team, and well-established distribution system, there is little it can do to combat the deflationary environment in Japan and its poor demographics for growth."

Turns out the company could manage just fine in such an environment, and JGB yields returned to (slightly) positive territory by the end of the year. Meanwhile, bank stocks were out of favor, and Wells Fargo caught my eye as a conservative choice. The plunge in oil prices had investors worried about banks' loan exposure to the troubled sector, and the yield curve remained stubbornly flat, pinching the amount of profits banks' lending operations could generate.

Unfortunately, in September 2016, less than seven months after establishing our position in Wells Fargo, news broke about the bank's accounts scandal, which management continues working through today. We haven't lost money on our Wells Fargo position, but it has trailed the market, and certainly Aflac, by a good margin.

Moral of the story: don't be too quick to bet against a time-tested, fundamentally healthy company facing what could ultimately be transitory macro headwinds. So long as the dividend remains safe, giving situations enough time to play out can be more profitable than moving on. You never know what surprises your replacement idea might have in store.

Worst Trade #2: Selling Caterpillar, Buying Kimberly-Clark and Pfizer

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
Top 20	10/3/2016	Sold	Caterpillar	CAT	64%
Top 20	11/7/2016	Bought	Kimberly-Clark	KMB	11%
				Difference:	-53%

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
Retirees	10/3/2016	Sold	Caterpillar	CAT	64%
Retirees	4/3/2017	Bought	Pfizer	PFE	35%
				Difference:	-30%

Another painful move. Caterpillar went on to outperform Kimberly-Clark and Pfizer by more than 50% and 30%, respectively, since I made these swaps in our Top 20 Dividend Stocks and Conservative Retirees portfolios. In our October 2016 newsletter, I even remarked that it seemed like "a rather timely moment to exit Caterpillar…My biggest issue with Caterpillar is that I now believe its end markets could take much longer to recover than I originally anticipated. The company's heavy equipment is very expensive, and the downturn in commodity markets looks a lot more than just normal cyclical weakness to me."

At the time, Caterpillar's machine retail sales had declined for 45 consecutive months after weak commodity prices and global economic uncertainty hurt demand for its equipment. I figured there was a large glut of used heavy equipment flooding the market, reducing the incentive for cash-strapped customers to buy anything new. "Who knows how long it might take to work through the entire inventory out there," I wrote.

After management opted to skip the company's usual dividend increase in June 2016, I was also growing concerned about the safety of Caterpillar's payout. With CAT's stock having rallied nearly 45% over the past year, I figured I was given a good opportunity to get out and find an investment with stronger fundamentals and a safer dividend.

Of course, Donald Trump was elected as President the month after my sale, jumpstarting a massive rally in industrial stocks. Meanwhile, construction demand in China began growing again, and investors gained confidence that the worst of the downturn was over.

In our Top 20 Dividend Stocks portfolio I picked up shares of Kimberly-Clark following the stock's 19% selloff from July 2016 through early November 2016. Investors were disappointed in the company's sluggish organic growth, which remains a challenge today. We've made a little money with our position, but its performance has been underwhelming. Time will tell if management can get the company's top and bottom lines growing at a stronger pace in the future, but at least we can sleep better at night with Kimberly-Clark's business stability compared to a cyclical stock like Caterpillar.

In our Conservative Retirees portfolio I eventually bought shares of Pfizer with the proceeds from Caterpillar. Pfizer has performed reasonably well during this period, just not enough to keep up with Caterpillar's surge.

Moral of the story: I am even worse than I thought at forecasting macro developments! However, I can't beat myself up too much over letting go of Caterpillar. If a company's range of potential outcomes is widening, especially to a degree in which the dividend could be threatened in a bear case outcome, I'm more than content moving on. Fortunately for Caterpillar, demand bounced back at an opportune time.

Worst Trade #3: Selling Omega Healthcare & Thomson Reuters, Buying 5 Others

The last major blemish I'll review happened almost exactly a year ago, so hopefully this trade won't look quite as bad in another year. But for now, it also stings. Unlike the previous two trades we reviewed, which were one-for-one swaps, this one was a little more complicated. In our Conservative Retirees portfolio I exited our positions in Omega Healthcare and Thomson

Reuters and split the proceeds across five new positions – Duke Energy, WEC Energy, W.P. Carey, Public Storage, and United Parcel Services. I desired a little more diversification and wanted to improve the dividend safety profile of our portfolio.

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
Retirees	3/5/2018	Sold	Omega Healthcare	OHI	45%
Retirees	3/5/2018	Sold	Thomson Reuters	TRI	53%
				Average	49%
Retirees	3/5/2018	Bought	Duke Energy	DUK	23%
Retirees	3/5/2018	Bought	WEC Energy	WEC	32%
Retirees	3/5/2018	Bought	W.P. Carey	WPC	29%
Retirees	3/5/2018	Bought	Public Storage	PSA	12%
Retirees	3/5/2018	Bought	United Parcel	UPS	8%
				Average	21%
				Difference	**-28%**

Naturally, Omega Healthcare went on to rally 45%, while Thomson Reuters rubbed more salt in the wound with a 53% return. None of the five holdings I bought with the sale proceeds came close to those returns. In fact, the group trailed Omega and Thomson by an average of 28%.

Similar to Caterpillar, both Omega and Thomson appeared to have deteriorating fundamentals that made me question their long-term outlooks. As I wrote in our March 2018 newsletter, "Omega's outlook continues weakening as the healthcare landscape evolves. Although OHI's dividend is expected to remain safe this year, it is expected to be frozen at its current level. With many higher quality dividend stocks selling off in recent months, more attractive businesses with lower risk profiles and safer payouts are available."

And, "Thomson Reuters' payout remains safe as well, but I don't expect any growth going forward. Earlier this year the company announced an agreement to sell a 55% stake in its Financial & Risk segment, which provides financial terminals and accounted for around half of its profits. The deal is fairly complicated, but Thomson's ongoing earnings power will drop, its effective leverage will be higher, and most of the cash received is going to share repurchases and acquisitions. With the stock only offering a 3.5% yield with no dividend growth and strategic uncertainty, I would rather move on to other ideas."

As luck would have it, I sold both stocks at prices that ended up being near their multiyear lows. Omega benefited from some favorable reimbursement news and tenant stabilization, and Thomson investors gained confidence in management's plans. We've once again made money with each of the five stocks I bought with the proceeds, but they have a ways to go to catch up.

Moral of the story: stocks facing meaningful uncertainties (changing healthcare landscape and weak tenants with Omega; a major strategic deal with Thomson) tend to go up or down by a lot. As a conservative investor, I try to avoid companies that end up in these situations. Unfortunately, these two sales went against me. However, I still have my doubts about Omega's future, especially given the lack of visibility investors have with its tenant base. I also feel much better about the dividend safety and growth profiles of the five companies we added.

3 Best Trades

Here's a look at the three best trades I've made across our portfolios. Success was largely driven by buying great businesses at fair or better prices rather than selling future losers. Most of the companies I parted ways with remain great businesses and continue performing well, such as Digital Realty and Power Integrations. Patterson stands out as a nice sale, having lost 32%. I was concerned about its sudden management turnover and subpar business performance shortly after it made a big acquisition into a new market. I'm always happy to move on when a major capital allocation shift appears to be taking place. Again, the range of potential outcomes widens.

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
Top 20 & CR	6/6/2016	Sold	Digital Realty	DLR	25%
Top 20 & CR	6/6/2016	Bought	Cisco	CSCO	89%
				Difference:	**64%**

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
LT Growth	11/7/2017	Sold	Patterson	PDCO	-32%
LT Growth	11/7/2017	Sold	Lincoln Electric	LECO	-1%
				Average	-17%
LT Growth	11/7/2017	Bought	Medtronic	MDT	19%
LT Growth	11/7/2017	Bought	Lowe's	LOW	38%
				Average	29%
				Difference	**46%**

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
LT Growth	12/31/2015	Sold	Power Integrations	POWI	54%
LT Growth	12/31/2015	Sold	Trinity	TRN	4%
				Average	29%
LT Growth	12/31/2015	Bought	Oracle	ORCL	49%
LT Growth	12/31/2015	Bought	Abbott	ABT	81%
				Average	65%
				Difference	**36%**

Putting It All Together

I receive a lot of emails from investors asking me what to buy. But as you can see from my best and worst trades above, there is *a lot* of variance involved with the performance of any single investment decision. It's one thing to be looking for companies to buy if you are building out a new dividend portfolio and need an assortment of ideas.

However, if you already have a well-diversified portfolio in place, I would encourage you to take a hard look at *why* you are trying to find something to buy. If it's solely an attempt to "beat the market," boost your performance, or be active for the sake of being an active investor, I'd pump the brakes.

Charlie Munger put it well last month when he said, "People are trying to teach you to come in and trade actively in stocks. Well, I regard that as roughly equivalent to trying to induce a bunch of young people to start off on heroin."

Unfortunately, a proliferation of investing newsletters and advisory services, plus a daily waterfall of financial news, means investors are pressured to trade and be active more than ever before. After all, your typical investing newsletter wouldn't be in business for long if it told you to "do nothing" each month.

One of my all-time favorite Warren Buffett rants took place on this very issue in 2016, although he was talking about hedge funds and investment consultants rather than newsletters. But his message is equally applicable. Just replace "consultant" with "newsletter provider:"

> "Supposedly sophisticated people, generally richer people, hire consultants, and **no consultant in the world is going to tell you 'just buy an S&P index fund and sit for the next 50 years.'** You don't get to be a consultant that way. And you certainly don't get an annual fee that way. So the consultant has every motivation in the world to tell you, 'this year I think we should concentrate more on international stocks,' or 'this manager is particularly good on the short side,' and so they come in and they talk for hours, and you pay them a large fee, and **they always suggest something other than just sitting on your rear end and participating in the American business without cost**."

Buffett went on to make another powerful statement, exclaiming:

> "All the commercial push is behind telling you that you ought to think about doing something today that's different than you did yesterday. You don't have to do that. You just have to **sit back and let American industry do its job for you**."

I try to manage our portfolios in the most passive manner possible. Our sub-10% annual turnover rate reflects that fact, and it probably makes our newsletter among the most boring you can find. As we discussed last month, it's (1) very difficult to know which of your holdings will go on to be your best performers; (2) around half of one's investment ideas are unlikely to work out; and (3) the bulk of a portfolio's performance is often driven by a small handful of holdings.

In other words, investing is filled with uncertainties. The only certainty that comes with each trade you place is the commission you pay, plus any potential tax consequences. The solution proposed by Warren Buffett is to own a simple S&P index fund, which holds a diversified collection of American businesses that will increase in value over the long term, pulling the value of your investment higher as well. I agree that is a great option for younger investors whose primary goal is to grow their wealth, unless they like expensive hobbies.

However, index funds aren't so dependable if one's goal is to generate safe and growing dividend income each year (learn more about the tradeoffs here). But building a portfolio of individual dividend stocks does not and should not be an ongoing chore. It starts with getting the right foundation in place based on your unique investing goals and risk tolerance. From there, a conservative, well-diversified portfolio can largely run on autopilot with minimal intervention.

As I've discussed in the past, here are the guidelines I follow to build and maintain such a "passive" portfolio. If an investor was looking to get involved with one of our portfolios, I would buy equal weights of every holding at once to achieve immediate diversification:

- Hold between 20 and 60 stocks to reduce company-specific risk (each of our portfolios holds between 20 and 30 stocks)
- Roughly equal-weight each position because it's hard to know which companies will be the best long-term performers
- Invest no more than 25% of your portfolio in any one sector
- Target companies that score close to 60 or above for Dividend Safety
- Plan to hold each company forever, so long as their dividends appear to remain safe and their long-term outlooks remain unchanged

Adhering to these guidelines means there is no fretting over what to buy each month, no hyperactivity, and no betting the house on any one investment. Just a simple focus on owning a cross section of high quality American companies which have good potential to collectively pay safe, growing dividends each year while also increasing in value over time.

Our portfolio tool has the data and reports you need to stay between the guardrails, avoid unnecessary trading, and progress on your goals while enjoying life as an inactive investor.

For those who are curious, here's a look at the performance of every trade we've made since our portfolios were conceived in June 2015:

Portfolio	Date	Action	Company	Ticker	Total Return (through 2/28/19)
Top 20	2/29/2016	Sold	Aflac	AFL	65%
Top 20	2/29/2016	Bought	Wells Fargo	WFC	6%
				Difference:	**-59%**

Portfolio	Date	Action	Company	Ticker	Total Return
Top 20	6/6/2016	Sold	Digital Realty	DLR	14%
Top 20	6/6/2016	Bought	Cisco	CSCO	78%
				Difference:	**63%**

Portfolio	Date	Action	Company	Ticker	Total Return
Top 20	7/26/2016	Sold	Linear Tech	LLTC	0% (acquired)
Top 20	9/6/2016	Bought	C.H. Robinson	CHRW	28%
				Difference:	28%

Portfolio	Date	Action	Company	Ticker	Total Return
Top 20	10/3/2016	Sold	Caterpillar	CAT	55%
Top 20	11/7/2016	Bought	Kimberly-Clark	KMB	3%
				Difference:	**-52%**

Portfolio	Date	Action	Company	Ticker	Total Return
Top 20	4/3/2017	Sold	T. Rowe Price	TROW	48%
Top 20	4/3/2017	Bought	American Tower	AMT	46%
				Difference:	-2%

Portfolio	Date	Action	Company	Ticker	Total Return
Top 20	2/5/2018	Trimmed	Boeing	BA	**29%**

Portfolio	Date	Action	Company	Ticker	Total Return
Retirees	12/31/2015	Sold	Waddell & Reed	WDR	-35%
Retirees	12/31/2015	Bought	Wells Fargo	WFC	-8%
				Difference:	27%

Portfolio	Date	Action	Company	Ticker	Total Return
Retirees	6/6/2016	Sold	Digital Realty	DLR	14%
Retirees	6/6/2016	Bought	Cisco	CSCO	78%
				Difference:	**63%**

Portfolio	Date	Action	Company	Ticker	Total Return
Retirees	10/3/2016	Sold	Caterpillar	CAT	55%
Retirees	4/3/2017	Bought	Pfizer	PFE	27%
				Difference:	**-28%**

Portfolio	Date	Action	Company	Ticker	Total Return
Retirees	8/7/2017	Sold	Suncor	SU	4%
Retirees	8/7/2017	Bought	Kimbery-Clark	KMB	-3%
				Difference:	-8%

Portfolio	Date	Action	Company	Ticker	Total Return
Retirees	10/24/2017	Sold	General Electric	GE	-53%
Retirees	11/7/2017	Sold	Compass Minerals	CMP	-21%
Retirees	11/7/2017	Trimmed	Intel	INTC	13%
				Average	-20%
Retirees	11/7/2017	Bought	AT&T	T	-5%
Retirees	11/7/2017	Bought	Dominion	D	-8%
Retirees	11/7/2017	Bought	Crown Castle	CCI	6%
				Average	-2%
				Difference:	**18%**

Portfolio	Date	Action	Company	Ticker	Total Return
Retirees	3/5/2018	Sold	Omega Healthcare	OHI	35%
Retirees	3/5/2018	Sold	Thomson Reuters	TRI	39%
				Average	37%
Retirees	3/5/2018	Bought	Duke Energy	DUK	18%
Retirees	3/5/2018	Bought	WEC Energy	WEC	28%
Retirees	3/5/2018	Bought	W.P. Carey	WPC	23%
Retirees	3/5/2018	Bought	Public Storage	PSA	8%
Retirees	3/5/2018	Bought	United Parcel	UPS	5%
				Average	16%
				Difference	**-20%**

Portfolio	Date	Action	Company	Ticker	Total Return
LT Growth	12/31/2015	Sold	Power Integrations	POWI	50%
LT Growth	12/31/2015	Sold	Trinity	TRN	-3%
				Average	24%
LT Growth	12/31/2015	Bought	Oracle	ORCL	43%
LT Growth	12/31/2015	Bought	Abbott	ABT	73%
				Average	58%
				Difference	**34%**

Portfolio	Date	Action	Company	Ticker	Total Return
LT Growth	4/4/2016	Sold	American Express	AXP	77%
LT Growth	4/4/2016	Bought	Becton Dickinson	BDX	62%
				Difference	-15%

Portfolio	Date	Action	Company	Ticker	Total Return
LT Growth	6/6/2016	Sold	Valspar	VAL	0% (acquired)
LT Growth	6/6/2016	Bought	Hormel	HRL	26%
				Difference	26%

Portfolio	Date	Action	Company	Ticker	Total Return
LT Growth	10/3/2016	Sold	Polaris	PII	11%
LT Growth	10/3/2016	Bought	C.H. Robinson	CHRW	29%
				Difference	18%

Portfolio	Date	Action	Company	Ticker	Total Return
LT Growth	4/3/2017	Sold	T. Rowe Price	TROW	48%
LT Growth	4/3/2017	Bought	American Tower	AMT	46%
				Difference	-2%

Portfolio	Date	Action	Company	Ticker	Total Return
LT Growth	11/7/2017	Sold	Patterson	PDCO	-36%
LT Growth	11/7/2017	Sold	Lincoln Electric	LECO	-4%
				Average	-20%
LT Growth	11/7/2017	Bought	Medtronic	MDT	16%
LT Growth	11/7/2017	Bought	Lowe's	LOW	35%
				Average	26%
				Difference	**46%**

Portfolio Performance

The S&P 500 Index (SPY) continued its strong rally in February, but each of our portfolios managed to deliver an even higher return. Given our focus on higher quality, more defensive businesses, I usually expect our portfolios to underperform in such conditions. Regardless, I don't place any weight on short-term performance, and neither should you.

Since inception in June 2015, each of our portfolios has outperformed the S&P 500 and its dividend benchmark. The annualized returns of our portfolios remain unusually strong, ranging from 11.9% to 14.2%, but this rate won't continue over the long term. The market's average annual return over most long-term periods has been below 10%, and today's relatively high valuations suggest returns over the coming years will be lower compared to recent history.

While I don't expect our performance to deviate all that much from the market's over time, I do expect to generate safer and faster-growing dividend income with less volatility. Here is each portfolio's total return performance in February, year-to-date (YTD), over the trailing 12-month period (1 Year), and annualized since inception. Returns for the S&P 500 and relevant dividend ETFs are provided for comparison purposes.

				As of 2/28/2019	
				Annualized	
	Inception Date	**February 2019**	**YTD**	**1 Year**	**Since Inception**
Top 20 Dividend Stocks Portfolio	**6/12/2015**	**4.37%**	**10.16%**	**6.34%**	**13.65%**
S&P 500 Index (SPY)		3.24%	11.46%	4.53%	10.09%
Schwab U.S. Dividend Equity ETF (SCHD)		4.06%	10.35%	5.67%	10.77%
Conservative Retirees Portfolio	**6/17/2015**	**4.62%**	**10.41%**	**13.94%**	**11.88%**
S&P 500 Index (SPY)		3.24%	11.46%	4.53%	10.05%
S&P 500 High Dividend Low Volatility ETF (SPHD)		1.79%	10.63%	11.06%	11.43%
Long-term Dividend Growth Portfolio	**6/9/2015**	**4.38%**	**11.29%**	**6.20%**	**14.19%**
S&P 500 Index (SPY)		3.24%	11.46%	4.53%	10.29%
Vanguard Dividend Appreciation ETF (VIG)		4.58%	11.19%	8.05%	11.08%

Additional performance information for the portfolios, including their dividend growth track records, can be found in each portfolio's section of this newsletter.

The amount of risk taken to achieve a certain return is equally important. Standard deviation is a common measure of risk used by investors. It measures the historical volatility of a portfolio or investment. Lower volatility indicates that an investment's return fluctuates less.

The following table shows the monthly volatility of our portfolios compared to the S&P 500's volatility. Our Top 20 and Conservative Retirees portfolios have been less volatile than the broader market since inception by approximately 14% and 21%, respectively.

Assuming this trend continues, these portfolios will likely do a better job than the broader stock market of preserving capital during market corrections.

Our Long-term Dividend Growth portfolio has been somewhat more volatile than the market, reflecting its focus on smaller companies with higher long-term earnings growth potential.

	Monthly Standard Deviation (Since June 2015 Inception)		
Monthly Volatility	**Top 20**	**Retirees**	**Growth**
Portfolio	3.00%	2.75%	3.75%
S&P 500	3.48%	3.49%	3.47%
% Difference	-13.79%	-21.20%	8.07%

Dividend Events

Omnicom (+8.3%), **Cisco** (+6.1%), **3M** (+5.9%), **PepsiCo** (+3.0%), **Waste Management** (+10.2%), **UPS** (+5.5%), **PPL** (+0.6%), **Texas Roadhouse** (+20.0%), **TJX Companies** (+18.0%), and **FLIR** (+6.3%) announced new dividend increases during the last month. Since inception in June 2015, we have recorded 276 total dividend increases across our three portfolios and avoided dividend cuts.

	Dividend Events Since Inception		
	Top 20	**Retirees**	**Growth**
Increases	81	103	92
Cuts	0	0	0
Trailing 12 Month Dividend Growth	12.0%	14.9%	13.3%

Portfolio Actions

No trades were made in February, and none are planned for March. However, please note that **PPL Corp** (PPL), a regulated utility company held in our Conservative Retirees portfolio, is under review for potential sale in the coming months (learn more in our updated thesis here). I am currently evaluating replacement ideas. As always, I will send out an email if I am considering making any trades between newsletter editions.

Timely Holdings to Consider

A handful of companies from each portfolio appear to offer interesting valuation and fundamental timeliness. These are stocks we hold that investors can review as potential buying opportunities:

Top 20 Dividend Stocks	**Dividend Safety Score**	**Forward P/E**	**Dividend Yield**	**5-Yr Annual Div Growth Rate**
3M Company (MMM)	86	19.5	2.78%	16%
Wells Fargo (WFC)	68	10.1	3.60%	7%
Omnicom (OMC)	90	13.3	3.39%	13%
Kimberly-Clark (KMB)	87	17.5	3.56%	4%
PepsiCo (PEP)	94	21.1	3.19%	10%

Conservative Retirees	**Dividend Safety Score**	**Forward P/E**	**Dividend Yield**	**5-Yr Annual Div Growth Rate**
Wells Fargo (WFC)	68	10.1	3.60%	7%
ExxonMobil (XOM)	85	18.1	4.10%	6%
AT&T (T)	55	8.6	6.62%	2%
United Parcel Service (UPS)	72	14.8	3.42%	8%
Kimberly-Clark (KMB)	87	17.5	3.56%	4%

LT Dividend Growth	**Dividend Safety Score**	**Forward P/E**	**Dividend Yield**	**5-Yr Annual Div Growth Rate**
A.O. Smith (AOS)	99	19.4	1.67%	26%
MSC Industrial (MSM)	85	14.2	3.01%	13%

Thank you for your continued support of Simply Safe Dividends.

Sincerely,

Brian Bollinger, CPA
CEO, Simply Safe Dividends

Top 20 Dividend Stocks

Portfolio Update

Portfolio Statistics

Dividend Yield:	3.0%
Fwd P/E Ratio:	16.6
Beta:	0.79
Dividend Safety:	79
Dividend Growth:	50
1-yr Sales Growth:	5.4%
1-yr EPS Growth:	5.2%

Performance Update

2/28/19	Feb	All
Portfolio	4.4%	60.9%
S&P 500	3.2%	43.0%
SCHD	4.1%	46.3%

Dividend Increases:	81
Dividend Decreases:	0

Portfolio Objective

Perform as well as the S&P 500 over the long term with safer income and less volatility than the market.

Return Drivers

Total return is expected to be composed of:

2.5% - 3.5% dividend yield
7% - 9% earnings growth

Investment Philosophy

We invest in companies with enduring competitive advantages, shareholder-aligned management, and large markets that provide opportunity for long-term growth. Our holdings offer a blend of current income and income growth and are accumulated when they appear underpriced.

Portfolio Turnover

When we initiate a new position, we expect to hold it for at least 3-5 years. We only sell if fundamentals structurally change or the valuation reaches excessive levels.

Performance Update

Our Top 20 Dividend Stocks portfolio gained 4.4% in February, topping the S&P 500's strong 3.2% gain and performing about in line with Schwab's Dividend ETF, which gained 4.1%.

Since inception in June 2015 the portfolio has returned 60.9% and outperformed the S&P 500 (43.0%) and Schwab's Dividend ETF (46.3%). During this time, the portfolio's monthly returns have also recorded about 14% less volatility than the market's.

Our best-performing stocks in February were **Boeing** (+15%), **Cisco** (+9%), and **ADP** (+9%).

Boeing remained strong after reporting earnings on January 30. Revenue and core earnings per share grew 14% and 8%, respectively. Management also expects 25% EPS growth in 2019 as global demand for aircraft remains strong and the company ramps up production.

Cisco reported earnings on February 13. Sales grew 7% while earnings increased 16%. The firm's guidance called for mid-single-digit revenue growth to continue next quarter, and management also announced a 6% dividend increase. Cisco continues making progress growing its software business as well, improving its stickiness.

Automatic Data Processing last reported earnings on January 30. The provider of HR software and payroll services grew revenue by 8%, adjusted earnings by 30%, increased margins, and raised fiscal 2019 earnings growth guidance. ADP continues benefiting in part from the strong labor market.

Our weakest stocks in February were **Omnicom** (-3%), **Broadridge** (0%), and **Chubb** (1%).

Omnicom reported earnings on February 12 that beat expectations. The advertising firm's organic revenue grew at a healthy pace of 3.2% (including continued positive growth in its core U.S. market), margins expanded, and management raised the dividend. Omnicom also ended the year with about $1.1 billion in billings from net new business wins and expects to achieve organic revenue growth of 2% to 3% in 2019.

Omnicom appears to be executing well as the ad industry evolves and becomes more digital. The company remains a long-term hold.

Broadridge reported earnings on February 7. Recurring fee revenues grew 7%, and management expects the company to achieve its full-year guidance calling for 9% to 13% adjusted earnings growth. Broadridge's P/E ratio topped out near 30 in 2018 but has since reverted back to its five-year average of about 21. The stock remains a long-term hold.

Chubb reported earnings on February 5. The insurer continued generating underwriting profits and growing premiums. CB remains a solid hold.

Dividend Events
Four of our holdings increased their dividends during the last month. Our portfolio has recorded 81 dividend increases since inception in June 2015 and has not experienced any dividend cuts.

3M raised its dividend by 5.9%. The company has increased its dividend for 61 consecutive years and paid dividends to its shareholders without interruption for more than 100 years.

Omnicom increased its payout by 8.3%, and 2019 will mark its 10th consecutive years of higher dividends.

Cisco raised its dividend by 6.1% and has paid higher dividends every year since it began making payouts in 2011.

PepsiCo lifted its dividend by 3%, marking its 47th consecutive annual increase.

Stocks to Consider Buying
The stocks that look the most interesting to me today are: 3M (MMM), Wells Fargo (WFC), Omnicom (OMC), Kimberly-Clark (KMB), and PepsiCo (PEP).

3M Company (MMM): Minnesota Mining and Manufacturing, or 3M, was founded in 1902 in St. Paul, Minnesota. The global industrial conglomerate markets over 60,000 products used in homes, businesses, schools, and hospitals in more than 200 countries around the world. 3M is a highly diversified company with five main business segments (industrial, healthcare, safety & graphics, electronics & energy, consumer products) that cover over 45 technology platforms, ranging from adhesives and abrasives to ceramics and nanotechnology.

Competitive Advantages
Many of 3M's products are economically very attractive because they represent a small cost of the total product or project the customer is working on but are often mission-critical to the outcome. The company's brand, technology innovation, and industry-leading reliability provide nice pricing power, and it's simply not worth risking the reliability of a product for an original equipment manufacturer to switch suppliers. Another benefit 3M enjoys is that about 50% of its products are consumables, meaning that customers need to continually repurchase them. The result is a far more stable cash flow stream for the company. Management continuously invests in R&D to develop new products (about a third of 3M's sales are from products launched in the past five years) and expand its reach. Our full investment thesis on 3M is available here.

Dividend Review
Dividend Safety Score: 86 5-Year Dividend Growth Rate: 16% per year Dividend Yield: 2.78%

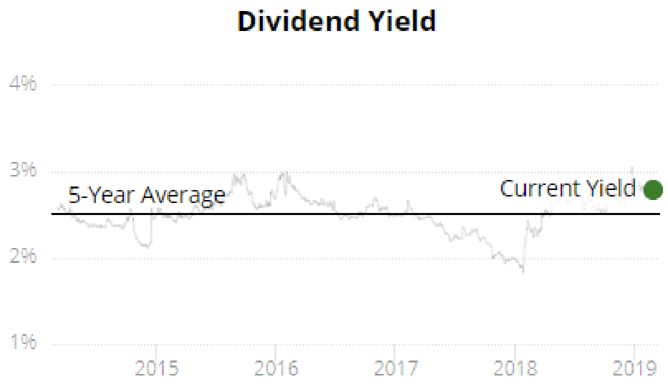
3M has paid uninterrupted dividends for more than a century and increased its dividend for 60 consecutive years. Management last boosted the payout by 5.9% in early 2019. Going forward, 3M's dividend has solid growth potential thanks to the firm's payout ratio near 50%, excellent balance sheet, and healthy EPS growth (8-11%) expected in the years ahead.

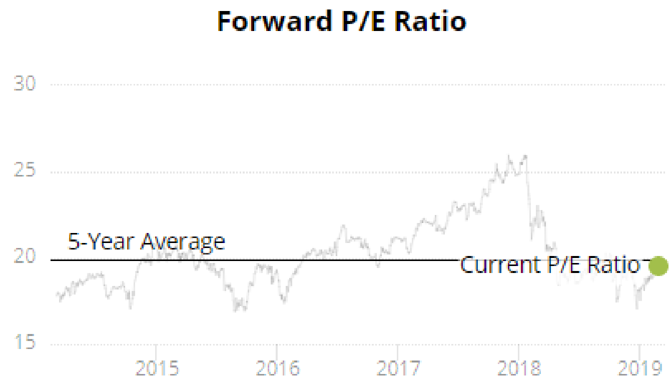
Recent News
3M reported earnings on January 29. Organic sales grew 3%, and adjusted EPS increased 10%. Management also raised the dividend 5.9%. Management slightly reduced 2019 sales and EPS guidance

"to reflect the current external environment and to include the pending acquisition of the technology business of M*Modal."

Separately, 3M announced new five-year targets through 2023 on November 15. Management seeks to deliver 3-5% annual organic sales growth, 8-11% EPS growth, and a 20% return on invested capital.

Valuation
MMM's forward P/E ratio was 19.5 and its dividend yield was 2.78% as of 3/3/19.





Wells Fargo (WFC): Wells Fargo was founded in 1852 and is the third-largest bank in the country as measured by assets. The bank ended 2018 with about $1.3 trillion in total deposits, and its 90 different business lines collectively generated over $80 billion in revenue from a diversified mix of banking, insurance, investment, mortgage, and consumer and commercial finance services. Unlike many big banks, Wells Fargo has little exposure to investment banking and trading operations. Instead, the firm focuses on simple lending businesses (e.g. mortgages, auto loans, commercial financing) and fee income.

Competitive Advantages
Banks primarily gather deposits and loan them out for interest income. As borrowers, consumers and businesses are most concerned with getting access to dependable financing at the lowest interest rate possible. In other words, banks are largely commodity businesses, and the lowest-cost operator usually survives the longest in commodity markets. As one of the biggest banks in the country, Wells Fargo enjoys numerous cost advantages, which begin with its track record of gathering low-cost deposits from consumers and businesses that it can lend out at higher interest rates.

The company has more retail deposits than any other bank in the country and ranks in the top five banks in terms of total deposits. When combined with the company's conservative lending practices, which generate a predictable stream of cash flows, it's no surprise that Wells Fargo is famously Warren Buffett's favorite bank. By choosing to largely ignore faster-growing but more volatile businesses, such as investment banking (trading made up just 2% of net income in 2017), Wells Fargo operates more like America's largest regional bank. Our full investment thesis on Wells Fargo is available here.

Dividend Review
Dividend Safety Score: 68 5-Year Dividend Growth Rate: 7% per year Dividend Yield: 3.60%

Wells Fargo gained approval from the Fed to raise its dividend by 4.7% in January 2019, continuing the bank's streak of raising its payout each consecutive year following the financial crisis. Despite the scandals that have dampened the firm's short-term growth prospects, Wells Fargo's dividend remains on solid ground. The company's payout ratio sits below 40%, its lending operations are healthy and conservative, and banks in general are much healthier compared to the pre-financial crisis days.

Recent News

Aside from a solid start to 2019, bank stocks have come under pressure over most of the past year. The Fed keeps increasing short-term rates, pushing up banks' borrowing costs and reducing their net interest margins as long-term rates have not similarly increased.

Otherwise, Wells Fargo continues working through scandal-related matters. On February 27 the company raised the high end of its range of "reasonably possible potential losses" stemming from legal actions from $2.2 billion $2.7 billion. I continue to believe the firm will be able to work through these issues to maintain a favorable long-term outlook.

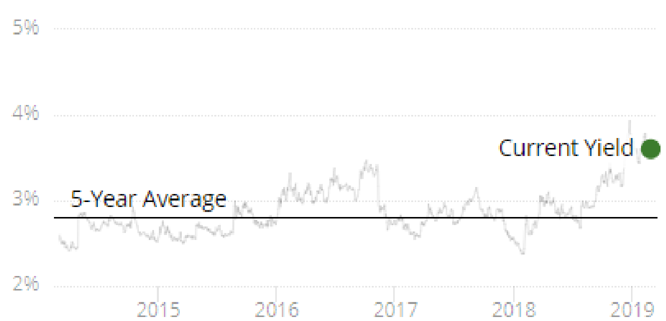
Wells Fargo last reported earnings on January 15. The bank's short-term results continue treading water in light of regulatory scrutiny. Net income ticked down 1.6%, revenue fell 5%, average deposits were down 3%, and average loans edged lower by 1%. Management also said it expects the Fed's asset cap on the bank to remain in effect for all of 2019.

On a more positive note, the Fed allowed Wells Fargo to raise its dividend by 4.7% earlier this year, and management continues making progress taking costs out of the business. Wells Fargo expects to reduce its headcount by 5% to 10% in the next three years to become more efficient. The company remains in good financial health, management is correcting its mistakes, and I expect it to move past scandal-related headwinds in the years ahead.

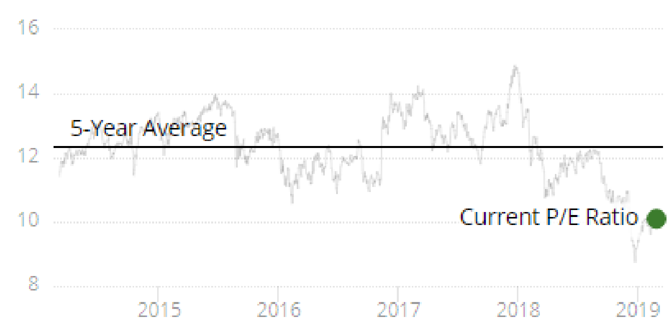
Valuation

WFC's forward P/E ratio was 10.1 and its dividend yield was 3.60% as of 3/3/19.

Dividend Yield



Forward P/E Ratio



Omnicom (OMC): Omnicom is one of the largest providers of advertising and marketing communication services. The company holds more than 1,500 advertising agencies that specialize in over 30 marketing disciplines. A full-service agency provides numerous services, including designing ad campaigns, making the actual ads, determining where the ads should be placed and distributed, media buying, accounting management, public relations, consulting, and more.

Competitive Advantages

As one of the biggest agency networks in the world, Omnicom gains several advantages over smaller rivals. It can act as a one-stop shop for clients because it offers a much wider breadth of services and operates around the world. Clients prefer work with a small number of agencies to save on costs, and many of the relationships Omnicom has span multiple decades. There are also only a few other large agency networks and many of them have relationships with clients' competitors, raising switching costs for existing clients. Our full investment thesis on Omnicom is available here.

Dividend Review

Dividend Safety Score: 86 5-Year Dividend Growth Rate: 13% per year Dividend Yield: 3.39%

Omnicom has paid uninterrupted dividends since its founding in 1986 and boosted its dividend each year since 2010. Management announced an 8.3% dividend increase in February 2019, and the dividend has plenty of room for continued growth given Omnicom's 45% payout ratio, healthy balance sheet, and consistent earnings growth.

Recent News

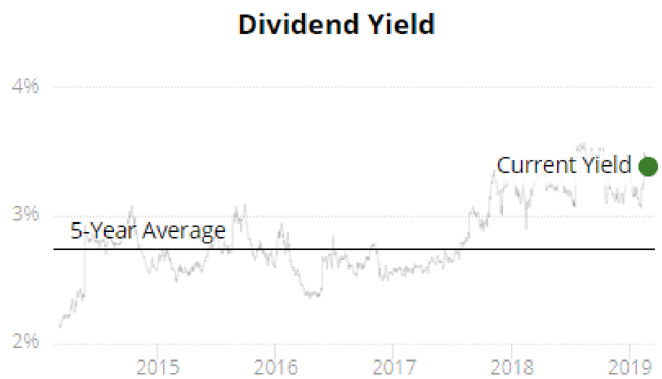
Omnicom reported earnings on February 12 that beat expectations. The firm's organic revenue grew at a healthy pace of 3.2% (including continued positive growth in its core U.S. market), margins expanded, and management raised the dividend. Omnicom also ended the year with about $1.1 billion in billings from net new business wins and expects to achieve organic revenue growth of 2% to 3% in 2019.

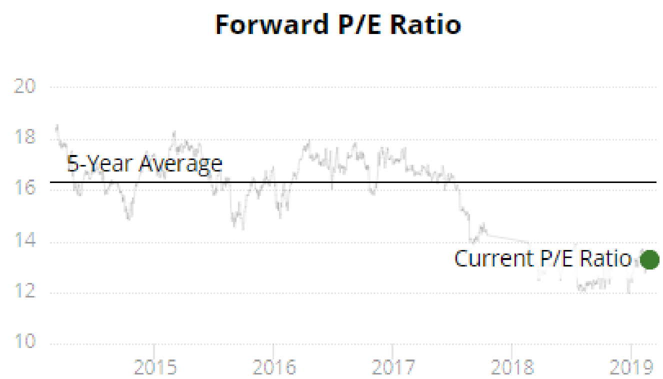
Despite continued company-wide growth, investors have sold off global ad agencies. Many large brands (i.e. ad agency customers), especially in the consumer staples sector, are facing growth headwinds as consumer behaviors evolve. The continued rise of digital technology (i.e. marketers trying to become more efficient with their spending, advertisers trying to reach customers more directly) and potentially growing threats from Google, Facebook, and other technology and consulting companies are causing concern as well.

In an increasingly tech-driven world, I believe advertising firms will remain important for clients facing disruption to their business models. Omnicom continues delivering better results than its peers and appears to be trading at an attractive valuation. I plan to continue holding the stock for the long term.

Valuation

OMC's forward P/E ratio was 13.3 and its dividend yield was 3.39% as of 3/3/19.





Kimberly-Clark (KMB): Kimberly-Clark has been in business since 1928 and has grown into one of the largest global manufacturers of various tissue and hygiene products. Some of the company's key products are disposable diapers, training pants, baby wipes, incontinence care products, tissues, toilet paper, paper towels, napkins, and more. Kimberly-Clark's major brands include Huggies, Pull-Ups, Kleenex, Cottonelle, Kotex, Scott, and Depend. Products are primarily sold to supermarkets, mass merchandisers (Wal-Mart is a 10%+ customer), drugstores, and other retail outlets.

By segment, Personal Care (diapers, training pants, wipes, feminine and incontinence care) accounts for approximately half of the company's sales and operating profits. Consumer Tissue (facial tissue, bathroom tissue, paper towels) contributes another third of Kimberly-Clark's mix, and K-C Professional (facial tissue, bathroom tissue, paper towels for away-from-home use, safety products) generates the remainder. North America accounts for 69% of profits, followed by Asia / Latin America (30%).

Competitive Advantages

Kimberly-Clark gains advantages from its size, strong brands, and product innovation. As one of the largest players in most of its markets, the company's manufacturing scale allows it to produce products at a lower cost than most of its rivals. These extra profits can be invested in advertising, which Kimberly-Clark spends more than $600 million on each year to defend its shelf space and keep its products popular with consumers. Breaking the company's distribution channels would be very difficult for new entrants, and Kimberly-Clark has the financial resources necessary to invest in R&D or marketing if a new product trend emerges.

Finally, the company's strong exposure to emerging and developing markets is worth highlighting. Demand for many of Kimberly-Clark's products tracks population growth, so the company is reasonably well positioned to combat potentially stagnant growth in developed markets. Our full investment thesis on Kimberly-Clark can be seen here.

Dividend Review

Dividend Safety Score: 87 5-Year Dividend Growth Rate: 4% per year Dividend Yield: 3.56%

Kimberly-Clark appears to pay one of the safest dividends in the market, supported by the company's healthy free cash flow payout ratio near 65%, excellent cash flow generation, recession-resistant business (sales dipped just 2% in fiscal year 2009), stable profitability, and investment-grade rated debt.

Kimberly-Clark is a dividend aristocrat that has raised its dividend for 47 consecutive years, including a 3% in January 2019. The company's dividend increased 7.2% per year over the last 20 years and by 4.9% annually during the last three years. Until earnings growth picks up, the company will likely continue raising its dividend by 3-5% per year.

Recent News

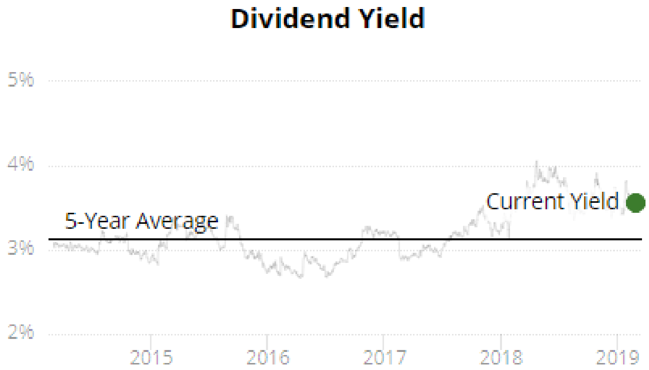
No update from last month. Kimberly-Clark reported results on January 23. Organic sales grew 3%, and adjusted earnings increased 2%. Market conditions remain challenging (competitive environment, commodity inflation, lowest U.S. birth rate since 1987), and management is undertaking a major new restructuring program announced earlier this year that is expected to generate $1.5 billion in cost savings through 2021.

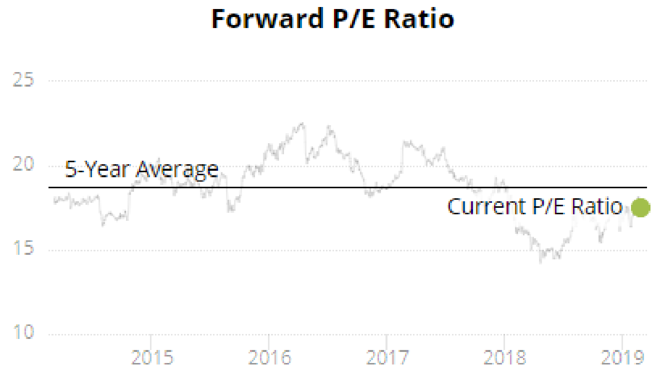
The firm also announced a new four-year strategy with the following objectives:

- Sales and organic sales growth: 1-3% annually
- Adjusted EPS growth: mid-single digits annually
- Adjusted return on invested capital: at least maintain at current level
- Dividend growth: generally in line with adjusted EPS growth

While Kimberly-Clark has experienced its fair share of headwinds, I continue to believe the company's emerging markets presence and efficiency initiates position it well for the long term.

Valuation
KMB's forward P/E ratio was 17.5 and its dividend yield was 3.56% as of 3/3/19.





PepsiCo (PEP): PepsiCo is a global food and beverage company with $64 billion in sales, including $1 billion or more from more than 20 of its largest brands (Frito-Lay, Gatorade, Pepsi-Cola, Quaker, Tropicana, and more). Close to 60% of sales are in North America, which is split roughly 50/50 between snacks and beverages. In general, snacks carry higher margins than beverages.

Competitive Advantages
PepsiCo has numerous competitive advantages stemming from its scale, strong brands, massive distribution, and business longevity. PepsiCo is roughly twice the size of its next-largest supplier in food and beverage, making it a critical supplier for retailers. The company also spends billions of dollars each year to defend its shelf space, investing in in-store displays, merchandising, and promotional discounts. PepsiCo's huge international distribution network also helps it stay relevant by efficiently introducing new snack and beverage brands around the world. Our full investment thesis on Pepsi can be seen here.

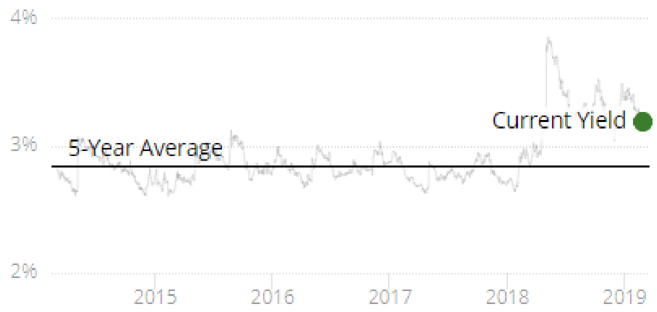
Dividend Review
Dividend Safety Score: 95 5-Year Dividend Growth Rate: 10% per year Dividend Yield: 3.19%

PepsiCo has paid dividends since 1965 and raised its dividend for more than 40 consecutive years, boasting one of the best dividend growth track records in the market. Considering the company's healthy payout ratio near 60%, superb cash flow generation, and mid-single-digit organic sales growth target, I expect mid to high single-digit dividend increases to continue in the long term.

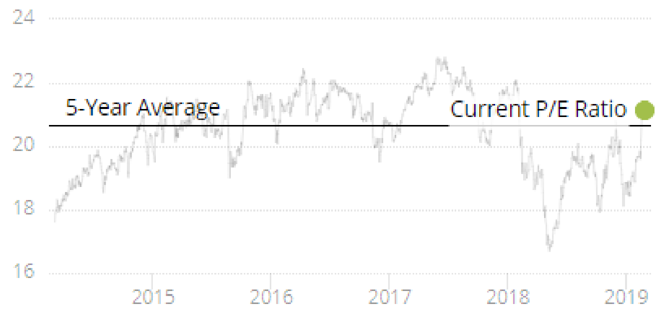
Recent News
PepsiCo reported earnings on February 15. Organic sales grew 5% and adjusted EPS increased 17%. Emerging markets and the company's snack business continue driving strength. PepsiCo's North America Beverages division showed continued top-line improvement, and the firm's diversified portfolio continues to be an asset as consumer tastes evolve. Management expects 4% organic revenue growth in 2019, but a 1% decline in EPS as the firm invests to strengthen the business. A return to high single-digit EPS growth is expected in 2020.

Valuation
PEP's forward P/E ratio was 21.1 and its dividend yield was 3.19% as of 3/3/19.

Dividend Yield



Forward P/E Ratio



Stocks to Consider Selling

None.

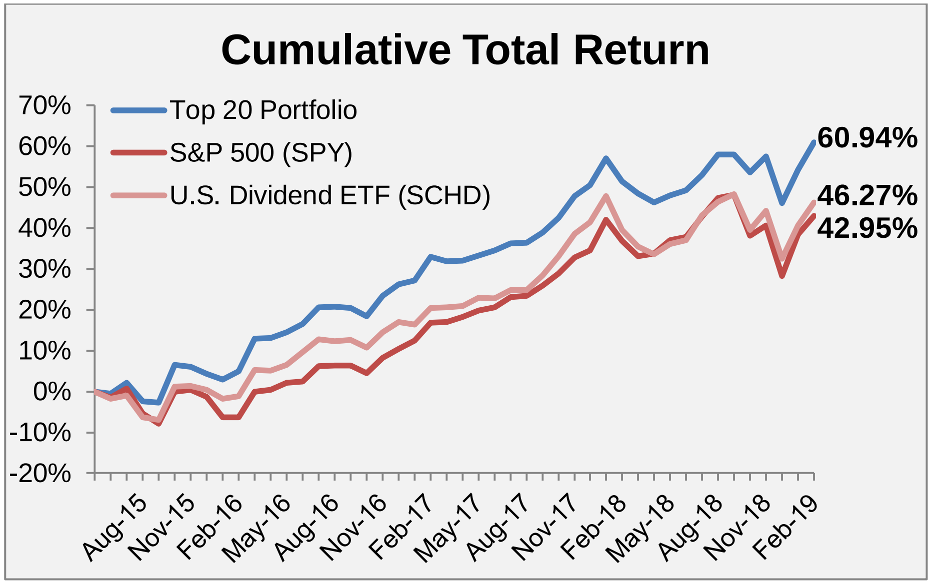
Top 20 Dividend Stocks – Portfolio Actions

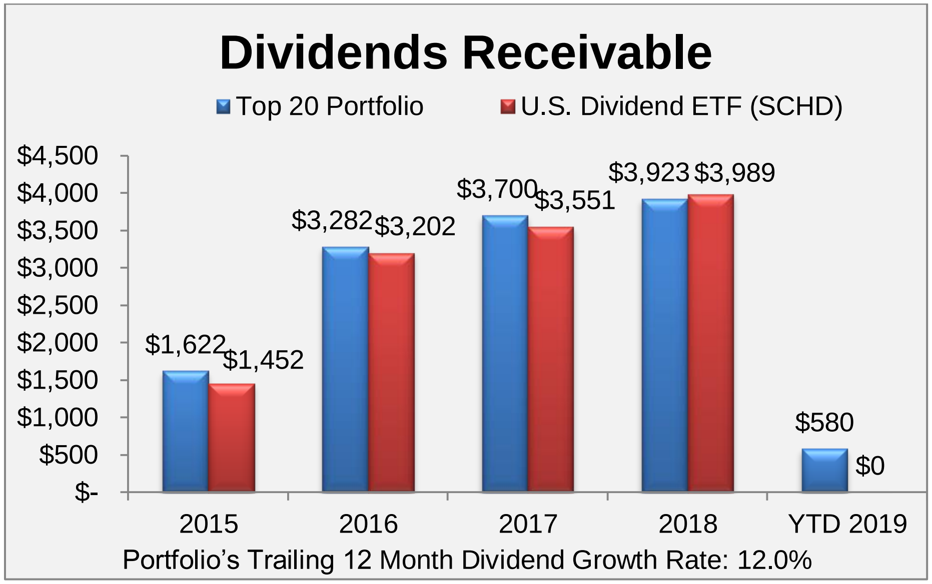
Data as of 3/3/19

Ticker	Name	Fwd P/E Ratio	Dividend Yield	Safety Score	Price Volatility	Entry Date	Shares Owned	% of Portfolio	Cost per Share	Last Price	Market Value	Total Return	S&P 500 Return	Relative Return
Possible Buying Opportunities														
MMM	3M Company	19.5	2.78%	86	Average	07-24-15	34	4.6%	$149.33	$207.49	$7,054.66	51.0%	42.8%	8.2%
WFC	Wells Fargo & Company	10.1	3.60%	68	Average	02-29-16	105	3.4%	$46.92	$50.03	$5,253.15	16.8%	52.3%	-35.5%
OMC	Omnicom Group	13.3	3.39%	90	Low	06-24-15	70	3.5%	$70.94	$76.72	$5,370.40	19.1%	41.1%	-22.0%
KMB	Kimberly-Clark Corporation	17.5	3.56%	87	Low	11-07-16	55	4.1%	$113.34	$115.68	$6,362.40	9.2%	36.8%	-27.6%
PEP	PepsiCo	21.1	3.19%	94	Low	07-10-15	52	3.9%	$95.55	$116.18	$6,041.36	34.2%	43.2%	-9.0%
Long-term Holds														
VZ	Verizon Communications	12.2	4.23%	87	Very Low	06-30-15	107	3.9%	$46.61	$56.96	$6,094.72	40.8%	44.3%	-3.5%
AMT	American Tower Corporation (REIT	22.9	1.89%	70	Low	04-03-17	55	6.3%	$120.49	$177.92	$9,785.60	51.6%	22.9%	28.7%
ACN	Accenture plc	22.6	1.78%	94	High	07-06-15	52	5.5%	$97.31	$164.20	$8,538.40	77.7%	43.7%	33.9%
GM	General Motors Company	6.0	3.85%	63	High	07-21-15	164	4.2%	$30.39	$39.53	$6,482.92	47.4%	40.3%	7.1%
D	Dominion Energy	17.7	4.91%	75	Very Low	11-07-17	61	3.0%	$80.63	$74.79	$4,562.19	-1.9%	10.9%	-12.8%
BA	Boeing Company	21.9	1.87%	98	High	07-10-15	22	6.3%	$144.48	$440.62	$9,693.64	219.3%	43.2%	176.1%
CMI	Cummins	9.9	2.95%	93	High	07-09-15	39	3.9%	$127.77	$154.41	$6,021.99	33.2%	45.0%	-11.8%
EMR	Emerson Electric Co.	18.6	2.87%	84	High	08-04-15	100	4.4%	$49.62	$68.40	$6,840.00	52.3%	41.9%	10.4%
CSCO	Cisco Systems	16.0	2.72%	91	High	06-06-16	214	7.1%	$29.15	$51.41	$11,001.74	87.9%	39.0%	48.9%
CB	Chubb Limited	12.4	2.18%	91	Average	06-26-15	48	4.2%	$103.47	$134.12	$6,437.76	39.7%	41.6%	-1.9%
CHRW	C.H. Robinson Worldwide	17.9	2.22%	91	Low	09-06-16	88	5.1%	$70.58	$90.20	$7,937.60	34.9%	33.6%	1.2%
ADP	Automatic Data Processing	27.4	2.05%	94	Average	06-29-15	61	6.1%	$80.91	$153.90	$9,387.90	100.5%	44.6%	55.9%
BR	Broadridge Financial Solutions	21.0	1.91%	70	Average	06-22-15	95	6.2%	$52.65	$101.49	$9,641.55	102.2%	40.2%	61.9%
MO	Altria Group	12.6	6.07%	65	Low	07-15-15	99	3.4%	$51.23	$52.75	$5,222.25	20.6%	41.1%	-20.5%
ED	Consolidated Edison	19.0	3.58%	89	Very Low	07-02-15	84	4.5%	$59.14	$82.66	$6,943.44	57.3%	43.3%	13.9%
Cash (Includes Dividends Receivable)								10.8%			$16,717.26			
Portfolio Total		**16.6**	**3.03%**	**79**	**Low**			**100%**			**$154,336**	**54.3%**	**43.0%**	**11.4%**

How to Use the Table: Stocks in the "Possible Buying Opportunities" list appear to have relatively attractive valuations and/or more timely fundamental momentum. As such, they could prove to be the best available investment opportunities to put new cash to work in. Stocks in the "Long-term Holds" list are still expected to be solid long-term holdings, but they do not appear to have as attractive valuations or fundamental momentum at the moment, suggesting there might be a better opportunity in the future to add more.

Top 20 Dividend Stocks – Performance and Dividend Income





Monthly Return	**Jun 2018**	**Jul 2018**	**Aug 2018**	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**
Portfolio	0.91%	2.49%	3.28%	-0.01%	-2.78%	2.54%	-7.26%	5.54%	4.37%
S&P 500	0.61%	3.69%	3.19%	0.55%	-6.88%	1.87%	-8.81%	7.96%	3.24%
SCHD ETF	0.70%	4.54%	2.29%	1.25%	-5.91%	3.37%	-8.11%	6.05%	4.06%
Portfolio Value	$149,308.16	$153,025.46	$158,052.26	$158,033.41	$153,637.46	$157,533.59	$146,094.99	$154,195.00	$160,940.58

Since Inception

Cumulative	**Jun 2018**	**Jul 2018**	**Aug 2018**	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**
Portfolio	49.31%	53.03%	58.05%	58.03%	53.64%	57.53%	46.09%	54.19%	60.94%
S&P 500	37.80%	42.85%	47.41%	48.21%	38.09%	40.67%	28.25%	38.46%	42.95%
SCHD ETF	36.97%	43.20%	46.48%	48.30%	39.55%	44.25%	32.55%	40.57%	46.27%

Annualized	**Jun 2018**	**Jul 2018**	**Aug 2018**	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**
Portfolio	14.05%	14.52%	15.27%	14.88%	13.51%	13.99%	11.25%	12.63%	13.65%
S&P 500	11.09%	12.04%	12.80%	12.67%	9.99%	10.33%	7.25%	9.35%	10.09%
SCHD ETF	10.87%	12.13%	12.58%	12.69%	10.33%	11.13%	8.25%	9.80%	10.77%

Top 20 Dividend Stocks – Payment Schedule

Data as of 3/3/19

Ticker	Dividend Yield	EPS Payout Ratio	Dividend Amount $	Payment Cycle	Next Ex-Div Date	Next Pay Date	1-Yr Div Growth	5-Yr Div CAGR	10-Yr Div CAGR
ACN	1.8%	40%	1.46	May, Nov	Mid Apr	Mid May	10%	10%	19%
ADP	2.1%	56%	0.79	Jan, Apr, Jul, Oct	03-07-19	04-01-19	21%	10%	9%
AMT	1.9%	42%	0.84	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	21%	24%	N/A
BA	1.9%	43%	2.06	Mar, Jun, Sept, Dec	Mid May	Early June	20%	29%	15%
BR	1.9%	40%	0.49	Jan, Apr, Jul, Oct	03-14-19	04-03-19	33%	18%	21%
CB	2.2%	30%	0.73	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	3%	6%	10%
CHRW	2.2%	40%	0.50	Mar, Jun, Sept, Dec	Late May	Late June	4%	6%	8%
CMI	3.0%	34%	1.14	Mar, Jun, Sept, Dec	Late May	Early June	5%	15%	22%
CSCO	2.7%	46%	0.35	Jan, Apr, Jul, Oct	04-04-19	04-24-19	13%	15%	N/A
ED	3.6%	66%	0.74	Mar, Jun, Sept, Dec	Mid May	Mid June	4%	3%	2%
EMR	2.9%	59%	0.49	Mar, Jun, Sept, Dec	Mid May	Mid June	1%	3%	4%
D	4.9%	81%	0.92	Mar, Jun, Sept, Dec	Late May	Mid June	10%	8%	8%
GM	3.8%	23%	0.38	Mar, Jun, Sept, Dec	03-07-19	03-22-19	0%	N/A	25%
KMB	3.6%	61%	1.03	Jan, Apr, Jul, Oct	03-07-19	04-02-19	3%	4%	6%
MMM	2.8%	55%	1.44	Mar, Jun, Sept, Dec	Mid May	Mid June	16%	16%	11%
MO	6.1%	75%	0.80	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	18%	10%	6%
OMC	3.4%	42%	0.65	Jan, Apr, Jul, Oct	03-08-19	04-09-19	7%	8%	15%
PEP	3.2%	63%	0.93	Mar, Jun, Sept, Dec	Late May	Late June	13%	10%	8%
VZ	4.2%	77%	0.60	Feb, May, Aug, Nov	Mid Apr	Early May	2%	3%	3%
WFC	3.6%	36%	0.45	Mar, Jun, Sept, Dec	Early May	Early June	6%	7%	2%
Average	3.0%	50%					11%	11%	11%

How to Use the Table

The "Payment Schedule" table displays the dividend information you need to know about each holding.

Dividend Yield: the company's indicated annual dividend divided by its stock price.
EPS Payout Ratio: the percentage of GAAP earnings paid out as a dividend over the last 12 months.
FCF Payout Ratio: the percentage of free cash flow paid out as a dividend over the last 12 months.
Dividend Amount: the dollar per share amount of dividends paid out at each pay period.
Payment Cycle: the months the dividend is paid out. Useful for creating monthly income streams.
Next Ex-Div Date: to receive the next dividend payment, you need to own shares before this date.
Next Pay Date: the date at which the dividend amount is actually distributed to shareholders.

Conservative Retirees

Portfolio Update

Portfolio Statistics

Dividend Yield:	3.4%
Fwd P/E Ratio:	16.9
Beta:	0.64
Dividend Safety:	80
Dividend Growth:	35
1-yr Sales Growth:	5.2%
1-yr EPS Growth:	9.8%

Performance Update

2/28/19	Feb	All
Portfolio	4.6%	51.6%
S&P 500	3.2%	42.6%
SPHD	1.8%	49.5%

Dividend Increases:	103
Dividend Decreases:	0

Portfolio Objective
Preserve capital and deliver a safe dividend yield above the market's average. Moderate dividend growth and outperformance in bear markets is expected.

Return Drivers
Total return is expected to be composed of:

3.5% - 4.5% dividend yield
4% - 6% earnings growth

Investment Philosophy
We invest in established, high quality companies with shareholder-oriented management teams. Each business has exhibited a strong commitment to its dividend and operates in stable, mature markets.

Portfolio Turnover
When we initiate a new position, we expect to hold it for at least 3-5 years. We only sell if fundamentals structurally change or valuation reaches excessive levels.

Performance Update

Our Conservative Retirees portfolio gained 4.6% in February, outpacing both the S&P 500 (+3.2%) and the S&P 500 High Dividend Low Volatility ETF (+1.8%).

Since inception in June 2015, our portfolio has returned 51.6%, outperforming the S&P 500 (+42.6%) and our ETF benchmark (49.5%). Importantly, our return has been delivered while recording 23% less volatility than the broader market on a monthly basis.

We have also avoided all dividend cuts while recording over 100 dividend increases. Steadier returns make it easier to stay the course through turbulent times.

Our best performers in February were **Intel** (+13%), **Philip Morris** (+13%), and **Paychex** (+10%).

Intel last reported results on January 24. Revenue grew 9%, and non-GAAP earnings rose 18%. Each business segment achieved record revenue in 2018. Management expects moderate sales and earnings growth this year. Semiconductor stocks rallied last month, lifting Intel, too. The stock remains a hold.

Philip Morris reported earnings on February 7. The stock remains highly volatile as investors assess the growth potential of PM's reduced-risk products. Management expects cigarette and heated tobacco unit shipment volume to decline about 1.5% to 2% in 2019, better than the total expected industry decline of 2.5% to 3%. As a result, PM believes its net revenue will grow 5%, and EPS will increase at least 8%. We plan to continue holding PM as it adapts.

No news was out on **Paychex**, which last reported earnings on December 19. However, the business benefits from a strong labor market which has shown signs of persisting.

Before getting into a review of our weakest performers last month, please note that **PPL** is now under review for potential sale in the coming months.

The regulated utility does not face any immediate risks, but the company's long-term outlook in the United Kingdom, which generates just over half of its profits, appears to have weakened significantly. PPL's allowed returns are safe through early 2023 thanks to the current regulatory framework in place, but it appears that regulators want to slash the rates PPL earns thereafter (learn more here).

It's hard to say what will ultimately play out, and what levers management can pull to mitigate any adverse developments, but I'd prefer to invest in companies with stronger long-term outlooks for profitable growth.

With PPL's stock rebounding strongly since late December, I'm feeling more open to parting ways with the company sooner rather than later. As always, I'll send out an email if any trade is planned to take place between newsletter editions. For now I'm hunting for replacement ideas.

Our worst performing stocks in February were **National Retail** (-1%), **W.P. Carey** (-1%), and **Public Storage** (0%).

After rebounding sharply in January, real estate was the worst-performing sector in February, rising just 0.7%. Not surprisingly, our three weakest stocks last month were all REITs.

National Retail reported results on February 12. Revenue grew 6%, AFFO per share rose 3%, and portfolio occupancy remained very strong at 98.2%.

W.P. Carey announced earnings on February 22. AFFO per share grew 1.5%, occupancy was solid at 98.3%, leverage was reduced in 2018, and visibility remains excellent with a weighted-average lease term of 10.2 years. Management expects AFFO per share to grow again in 2019.

Public Storage reported results on February 26. Core FFO per share grew 3.2%, and operating income edged slightly higher. Excess industry supply is still a headwind, but PSA remains a predictable cash cow.

Dividend Events

Four of our holdings increased their dividends during the last month. Our portfolio has recorded 103 dividend increases since inception in June 2015 and has not experienced any dividend cuts.

Cisco raised its dividend by 6.1% and has paid higher dividends every year since it began making payouts in 2011.

Waste Management increased its dividend by 10.2% and has raised its payout each year since 2004.

United Parcel Services lifted its dividend by 5.5%, marking its 10th consecutive year of higher dividends.

PPL nudged up its dividend by 0.6%. The utility has increased its payout 17 times in the last 18 years.

Stocks to Consider Buying

Five holdings look interesting to me today: Wells Fargo (WFC), ExxonMobil (XOM), AT&T (T), United Parcel Service (UPS), and Kimberly-Clark (KMB).

Wells Fargo (WFC): Wells Fargo was founded in 1852 and is the third-largest bank in the country as measured by assets. The bank ended 2018 with about $1.3 trillion in total deposits, and its 90 different business lines collectively generated over $80 billion in revenue from a diversified mix of banking, insurance, investment, mortgage, and consumer and commercial finance services. Unlike many big banks, Wells Fargo has little exposure to investment banking and trading operations. Instead, the firm focuses on simple lending businesses (e.g. mortgages, auto loans, commercial financing) and fee income.

Competitive Advantages

Banks primarily gather deposits and loan them out for interest income. As borrowers, consumers and businesses are most concerned with getting access to dependable financing at the lowest interest rate possible. In other words, banks are largely commodity businesses, and the lowest-cost operator usually survives the longest in commodity markets. As one of the biggest banks in the country, Wells Fargo enjoys numerous cost advantages, which begin with its track record of gathering low-cost deposits from consumers and businesses that it can lend out at higher interest rates.

The company has more retail deposits than any other bank in the country and ranks in the top five banks in terms of total deposits. When combined with the company's conservative lending practices, which generate a predictable stream of cash flows, it's no surprise that Wells Fargo is famously Warren Buffett's favorite bank. By choosing to largely ignore faster-growing but more volatile businesses, such as investment banking (trading made up just 2% of net income in 2017), Wells Fargo operates more like America's largest regional bank. Our full investment thesis on Wells Fargo is available here.

Dividend Review

Dividend Safety Score: 68   5-Year Dividend Growth Rate: 7% per year   Dividend Yield: 3.60%

Wells Fargo gained approval from the Fed to raise its dividend by 4.7% in January 2019, continuing the bank's streak of raising its payout each consecutive year following the financial crisis. Despite the scandals that have dampened the firm's short-term growth prospects, Wells Fargo's dividend remains on solid ground. The company's payout ratio sits below 40%, its lending operations are healthy and conservative, and banks in general are much healthier compared to the pre-financial crisis days.

Recent News

Aside from a solid start to 2019, bank stocks have come under pressure over most of the past year. The Fed keeps increasing short-term rates, pushing up banks' borrowing costs and reducing their net interest margins as long-term rates have not similarly increased.

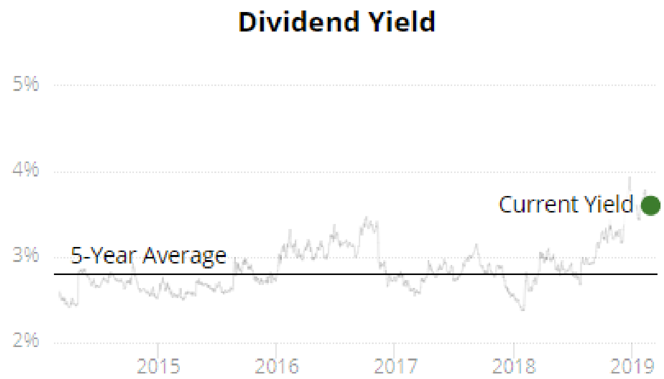
Otherwise, Wells Fargo continues working through scandal-related matters. On February 27 the company raised the high end of its range of "reasonably possible potential losses" stemming from legal actions from $2.2 billion $2.7 billion. I continue to believe the firm will be able to work through these issues to maintain a favorable long-term outlook.

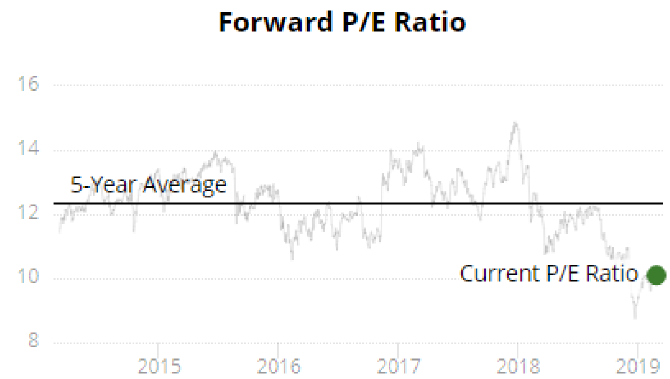
Wells Fargo last reported earnings on January 15. The bank's short-term results continue treading water in light of regulatory scrutiny. Net income ticked down 1.6%, revenue fell 5%, average deposits were down 3%, and average loans edged lower by 1%. Management also said it expects the Fed's asset cap on the bank to remain in effect for all of 2019.

On a more positive note, the Fed allowed Wells Fargo to raise its dividend by 4.7% earlier this year, and management continues making progress taking costs out of the business. Wells Fargo expects to reduce its headcount by 5% to 10% in the next three years to become more efficient. The company remains in good financial health, management is correcting its mistakes, and I expect it to move past scandal-related headwinds in the years ahead.

Valuation

WFC's forward P/E ratio was 10.1 and its dividend yield was 3.60% as of 3/3/19.





Exxon Mobil (XOM): Exxon Mobil was founded in 1870 and is one of the world's oldest oil companies. It's also the world's largest publicly traded integrated oil conglomerate, with nearly 30,000 oil & gas wells on six continents. The company operates in three distinct business segments: upstream oil & gas production, downstream refining, and specialty chemicals.

Competitive Advantages

Exxon Mobil's greatest strengths are its scale, diversification, and conservative management team. If Exxon were its own nation, its total liquids production would have made it one of the world's 10 largest oil producers. Such scale helps Exxon achieve lower costs, which is essential in a commodity market. The company's integrated business model also provides some cash flow diversification, helping it ride out energy cycles with somewhat less volatility than most of its rivals. Exxon's management team has a long track record of excellent capital allocation, which has helped the company enjoy higher returns on capital than all of its major peers. Our investment thesis on Exxon Mobil can be seen here.

Dividend Review

Dividend Safety Score: 82   5-Year Dividend Growth Rate: 6% per year   Dividend Yield: 4.10%

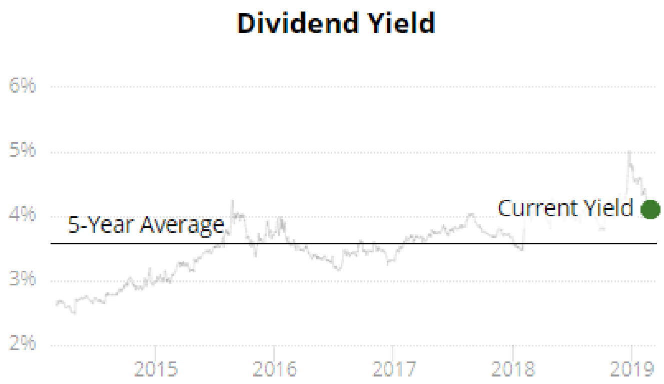
Exxon has paid an uninterrupted quarterly dividend since 1882 and has increased its payout for more than 30 consecutive years. While Exxon's dividend grew nearly 9% annually over the past decade, payout growth has slowed in recent years thanks to the crash in oil prices. With the price of oil recovering, the company announced a 6.5% dividend increase in early 2018. Exxon's cash flow is also more than covering its net investments and dividends. If energy prices remain depressed, Exxon will arguably be the last company still standing and paying dividends.

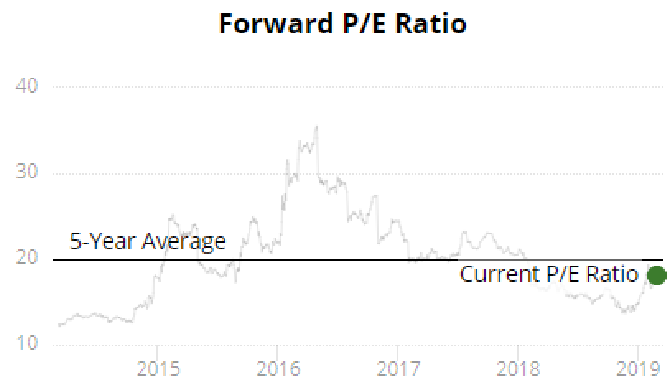
Recent News

No update from last month. Exxon reported earnings on February 1. Adjusted earnings grew 72%, production grew moderately, and full-year free cash flow hit its highest level since 2014. The company appears to be adapting well to an environment that has been characterized by significant commodity price volatility in recent years.

Valuation

XOM's forward P/E ratio was 18.1 and its dividend yield was 4.10% as of 3/3/19. While it's hard to make a compelling valuation case form any energy stocks if oil prices return below $50 or $60 a barrel, Exxon is one of the very few energy stocks I am comfortable owning in a diversified income portfolio, and its relatively high yield makes it a more compelling investment opportunity to consider today.





AT&T (T): AT&T is a telecom and media conglomerate that was founded in 1983. The company operates four business segments: Business Solutions (primarily wireless, voice, and data services sold to 3 million businesses), Entertainment (provides video entertainment to 47 million subscribers and internet to 16 million subscribers), Consumer Mobility (wireless services to over 159 million customers in U.S. and Mexico), and International (digital TV and wireless services throughout Latin America). If the $109 billion Time Warner acquisition closes, it would represent about 15% of company-wide sales and provide AT&T with unprecedented TV distribution, mobile distribution, and content.

Competitive Advantages

AT&T's competitive advantages are primarily driven by its scale and the capital intensity of the industry. For example, AT&T spent more than $140 billion between 2013 and 2017 on maintaining, upgrading, and expanding its networks, including over $21 billion in 2017 (13.4% of revenue). Few other companies can afford to compete with AT&T on a national scale. Only Verizon (VZ), T-Mobile, and to a lesser extent Sprint (S) have the resources to operate networks that offer similar levels of connectivity. To make matters even more challenging for new competitors, most of AT&T's markets are very mature. The number of total subscribers is simply not growing much. In other words, it would be almost impossible for new entrants to accumulate the critical mass of subscribers needed to cover the huge cost of building out a cable, wireless, or satellite network.

In addition to covering network costs, AT&T's scale allows it to invest heavily in marketing and maintain strong purchasing power for equipment and TV content. Smaller players and new entrants are once again at a disadvantage. Barring a major change in technology, it seems very difficult to uproot AT&T. It's much easier to maintain a large subscriber base in a mature market than it is to build a new base from scratch. While AT&T's wireless division is its most consumer-facing business, the company's strong presence in hundreds of broadband internet markets, as well as its expansion into pay-TV, via the $67 billion acquisition of DirectTV in 2015, have helped it continue growing and reducing churn despite a highly saturated U.S. market in both wireless and internet service. Our full investment thesis on AT&T can be seen here.

Dividend Review

Dividend Safety Score: 55 5-Year Dividend Growth Rate: 2% Dividend Yield: 6.62%

In 2018 AT&T's Dividend Safety Score fell to 55 ("Borderline Safe") after the Time Warner deal gained regulatory approval since the acquisition significantly increased the firm's debt. Management plans to aggressively reduce debt and divest some assets to raise more cash for deleveraging, but the stakes are high. Fortunately AT&T is a huge cash cow and its services are largely recession-resistant in nature. Dividend growth will remain weak (i.e. under 3% per year) while AT&T reduces debt, but the company will do all it can to continue its 30+ year dividend growth streak. In fact, management increased the dividend by 2% in December 2018. Please see my latest analysis on AT&T's dividend safety here.

Recent News
No update from last month. AT&T reported earnings on January 30. The black eye of its results was a 403,000 net loss of DirecTV satellite subscribers, and its streaming service DirecTV Now also shed 267,000 users. For perspective, AT&T has 24.5 million pay-TV connections in total (down about 5% from 2017). WarnerMedia and the firm's wireless business continued performing well, but investors understandably remain anxious about the evolving TV landscape. In fairness to AT&T, its loss of streaming users was driven by the firm's decision to reduce discounting and improve profitability.

Overall, management confirmed guidance for 2019 and said deleveraging efforts are on track. It's critical that AT&T is able to generate stable, moderately growing free cash flow over the years ahead. Following its acquisitions of DirecTV and Time Warner, the company's balance sheet is stretched, and its dividend consumes about $13 billion of cash which can't go towards deleveraging. Given the higher stakes and lower margin for error, investors are especially sensitive to any signs of weakness in AT&T's business.

The good news is that AT&T's business has become increasingly diversified, so as long as its core wireless business and Time Warner remain solid and growing, and subscriber losses don't accelerate (the company hopes to stabilize EBITDA in its TV business), I don't see this as an issue that will jeopardize the dividend. It may cause more investors to lose faith in management's strategic plans and capital allocation skill, but there are a lot of moving parts at AT&T that need time to play out.

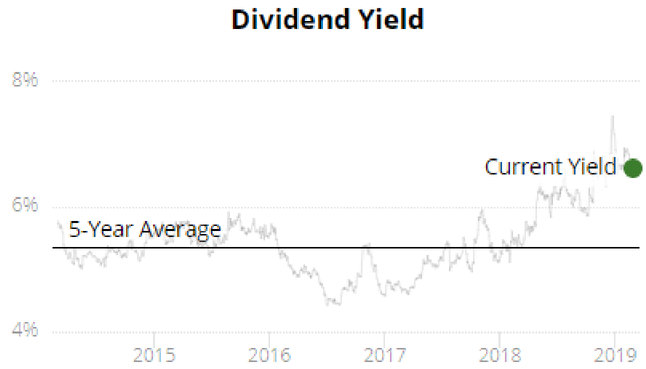
Based on the information we know today, AT&T's deleveraging plans appear to remain on track and unlikely to threaten its dividend for the foreseeable future. Management plans to get AT&T's net debt to EBITDA ratio down to about 2.5 times by the end of 2019, and back to historical levels by year-end 2022.

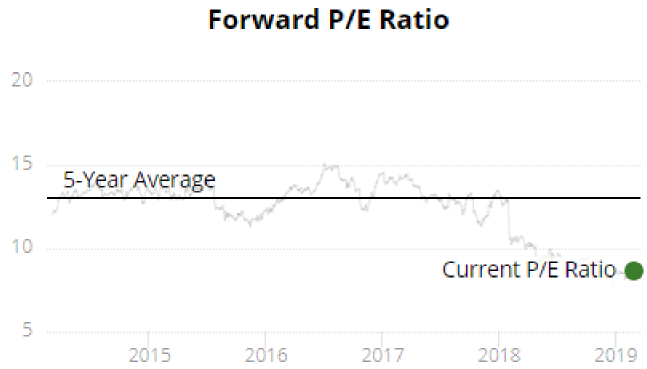
Annual free cash flow is expected to exit this year at a $26 billion run rate, which leaves around $13 billion of retained cash flow after paying dividends of about $13 billion. This retained cash flow will be used to reduce debt and aligns nicely with maturities over the next four years.

A lot of bad news is already in the stock's price, and I expect AT&T to remain a cash cow for many years to come. We have a modest position (under 2% of our portfolio's total value) in the stock, which reflects some of these long-term growth uncertainties. We will continue to monitor AT&T's free cash flow generation over the quarters ahead to make sure its dividend safety profile does not deteriorate.

Valuation

T's forward P/E ratio was 8.6 and its dividend yield was 6.62% as of 3/3/19.





United Parcel Services (UPS): Founded in 1907, UPS is the world's largest package delivery company. Thanks to a global fleet of more than 110,000 vehicles and over 550 aircraft, UPS delivers 20 million packages and documents each day to around 10 million customers located in more than 220 countries. While the domestic business continues to generate the majority of profits, the company continues to expand overseas and diversify into supply chain and freight.

Competitive Advantages

Few companies can afford to invest in all of the hard assets required to efficiently run a global delivery service business. UPS benefits from running denser delivery routes due to the sheer volume of packages it handles, which reduces its per package costs. Furthermore, new or smaller rivals lack the brand recognition enjoyed by UPS, which is important because customers expect their packages to be reliably delivered in a time-sensitive manner. These are all reasons why the industry is heavily concentrated with a small handful of operators dominating the space. Our full investment thesis on UPS can be seen here.

Dividend Review

Dividend Safety Score: 75   5-Year Dividend Growth Rate: 8%   Dividend Yield: 3.42%

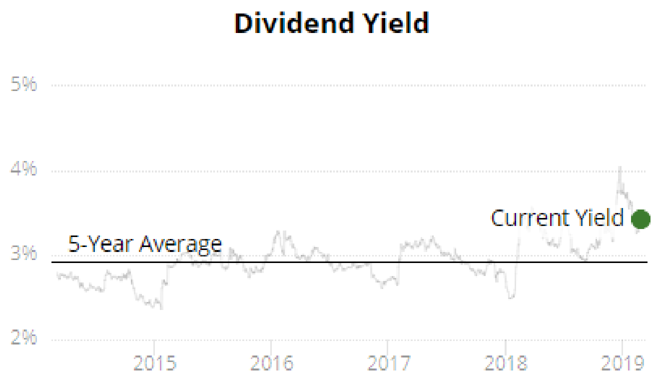
UPS has a long history of rewarding shareowners with generous cash dividends. The company has paid a cash dividend every year since 1969 and has more than quadrupled its dividend since it went public at the end of 1999. With a payout ratio near 50%, consistent cash flow generation, and a strong investment grade credit rating, the company's dividend remains on solid ground. Management last boosted the payout by 9.6% in February 2018.

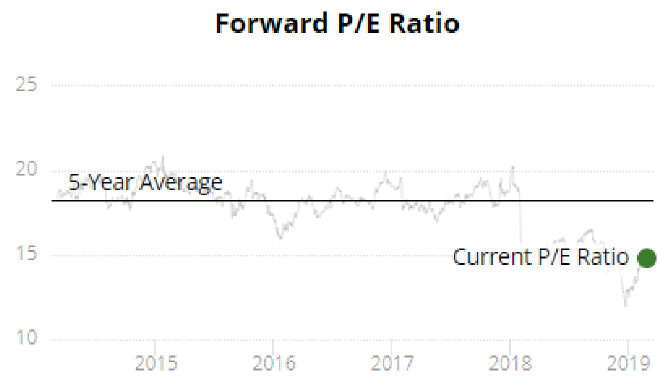
Recent News

No update from last month. UPS reported earnings on January 31. Currency adjusted sales grew 5%, adjusted EPS rose 17%, and the company generated excellent free cash flow. In 2019, management expects total operating profits to grow in the low tends with all three business segments up double-digits. Domestic and international revenues are expected to increase at a mid-single digit pace.

I expect e-commerce growth around the world to continue supporting UPS's long-term earnings outlook and ability to achieve profitable growth. Delivery remains a *very* large global market with high barriers to entry and room for multiple players.

Valuation
UPS's forward P/E ratio was 14.8 and its dividend yield was 3.42% as of 3/3/19.





Kimberly-Clark (KMB): Kimberly-Clark has been in business since 1928 and has grown into one of the largest global manufacturers of various tissue and hygiene products. Some of the company's key products are disposable diapers, training pants, baby wipes, incontinence care products, tissues, toilet paper, paper towels, napkins, and more. Kimberly-Clark's major brands include Huggies, Pull-Ups, Kleenex, Cottonelle, Kotex, Scott, and Depend. Products are primarily sold to supermarkets, mass merchandisers (Wal-Mart is a 10%+ customer), drugstores, and other retail outlets.

By segment, Personal Care (diapers, training pants, wipes, feminine and incontinence care) accounts for approximately half of the company's sales and operating profits. Consumer Tissue (facial tissue, bathroom tissue, paper towels) contributes another third of Kimberly-Clark's mix, and K-C Professional (facial tissue, bathroom tissue, paper towels for away-from-home use, safety products) generates the remainder. North America accounts for 69% of profits, followed by Asia / Latin America (30%).

Competitive Advantages
Kimberly-Clark gains advantages from its size, strong brands, and product innovation. As one of the largest players in most of its markets, the company's manufacturing scale allows it to produce products at a lower cost than most of its rivals. These extra profits can be invested in advertising, which Kimberly-Clark spends more than $600 million on each year to defend its shelf space and keep its products popular with consumers. Breaking the company's distribution channels would be very difficult for new entrants, and Kimberly-Clark has the financial resources necessary to invest in R&D or marketing if a new product trend emerges.

Finally, the company's strong exposure to emerging and developing markets is worth highlighting. Demand for many of Kimberly-Clark's products tracks population growth, so the company is reasonably well positioned to combat potentially stagnant growth in developed markets. Our full investment thesis on Kimberly-Clark can be seen here.

Dividend Review
Dividend Safety Score: 87 5-Year Dividend Growth Rate: 4% per year Dividend Yield: 3.56%

Kimberly-Clark appears to pay one of the safest dividends in the market, supported by the company's healthy free cash flow payout ratio near 65%, excellent cash flow generation, recession-resistant business (sales dipped just 2% in fiscal year 2009), stable profitability, and investment-grade rated debt.

Kimberly-Clark is a dividend aristocrat that has raised its dividend for 47 consecutive years, including a 3% in January 2019. The company's dividend increased 7.2% per year over the last 20 years and by 4.9% annually during the last three years. Until earnings growth picks up, the company will likely continue raising its dividend by 3-5% per year.

Recent News

No update from last month. Kimberly-Clark reported results on January 23. Organic sales grew 3%, and adjusted earnings increased 2%. Market conditions remain challenging (competitive environment, commodity inflation, lowest U.S. birth rate since 1987), and management is undertaking a major new restructuring program announced earlier this year that is expected to generate $1.5 billion in cost savings through 2021.

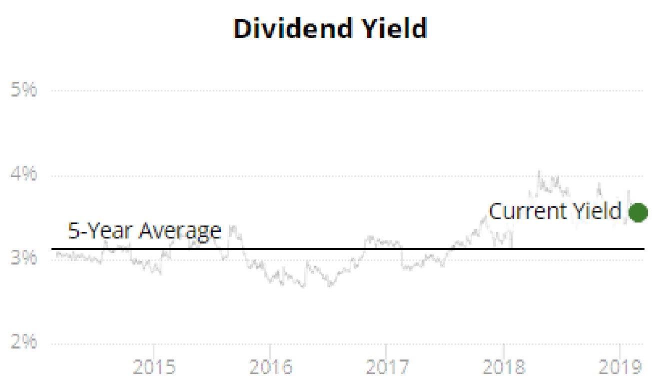
The firm also announced a new four-year strategy with the following objectives:

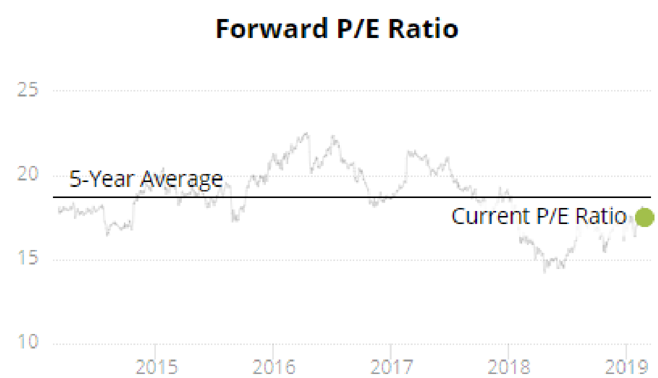
- Sales and organic sales growth: 1-3% annually
- Adjusted EPS growth: mid-single digits annually
- Adjusted return on invested capital: at least maintain at current level
- Dividend growth: generally in line with adjusted EPS growth

While Kimberly-Clark has experienced its fair share of headwinds, I continue to believe the company's emerging markets presence and efficiency initiates position it well for the long term.

Valuation

KMB's forward P/E ratio was 17.5 and its dividend yield was 3.56% as of 3/3/19.





Stocks to Consider Selling

None. However, please note that **PPL** (PPL) is under review for potential sale in the coming months. The regulated utility derives just over half of its profits from the United Kingdom. While its allowed returns are protected through 2023 under the country's current regulatory framework, regulators appear to desire to significantly reduce the rates PPL can earn thereafter (learn more here).

Given the company's somewhat diminished long-term outlook for earnings and dividend growth, I'd like to move on. With PPL's stock rebounding strongly since late December, I'm feeling more open to parting ways with the company sooner rather than later. As always, I'll send out an email if any trade is planned to take place between newsletter editions. For now I'm hunting for replacement ideas.

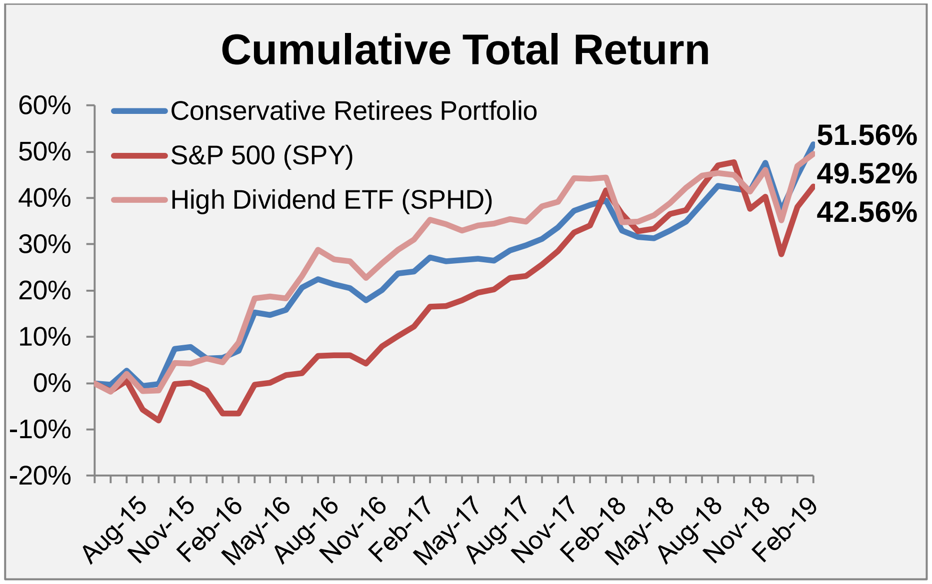
Conservative Retirees Portfolio – Portfolio Actions

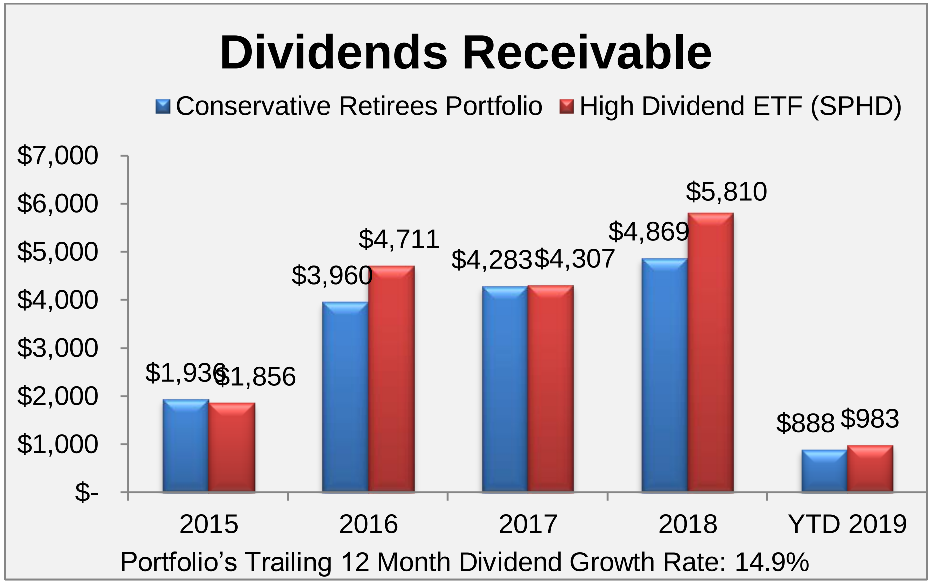
Data as of 3/3/19 **= stock under review for potential sale in the coming months**

Ticker	Name	Fwd P/E Ratio	Dividend Yield	Safety Score	Price Volatility	Entry Date	Shares Owned	% of Portfolio	Cost per Share	Last Price	Market Value	Total Return	S&P 500 Return	Relative Return
Possible Buying Opportunities														
WFC	Wells Fargo & Company	10.1	3.60%	68	Average	12-31-15	74	2.4%	$54.33	$50.03	$3,702.22	1.5%	44.6%	-43.1%
XOM	Exxon Mobil Corporation	18.1	4.10%	85	Average	07-31-15	50	2.6%	$79.29	$80.00	$4,000.00	15.6%	41.1%	-25.6%
T	AT&T	8.6	6.62%	55	Very Low	11-07-17	80	1.6%	$32.80	$30.82	$2,465.60	0.8%	10.9%	-10.1%
UPS	United Parcel Service	14.8	3.42%	72	High	03-05-18	26	1.9%	$105.01	$112.13	$2,915.38	9.5%	4.9%	4.6%
KMB	Kimberly-Clark Corporation	17.5	3.56%	87	Low	08-07-17	42	3.2%	$120.99	$115.68	$4,858.56	0.2%	16.2%	-16.1%
Long-term Holds														
CCI	Crown Castle International	20.3	3.77%	61	Very Low	11-07-17	40	3.1%	$111.51	$119.23	$4,769.20	11.4%	10.9%	0.5%
PG	Procter & Gamble Company	21.4	2.91%	98	Very Low	07-01-15	50	3.2%	$79.72	$98.44	$4,922.00	36.4%	43.2%	-6.8%
PSA	Public Storage	22.2	3.77%	86	Very Low	03-05-18	14	2.0%	$195.75	$212.00	$2,968.00	11.5%	4.9%	6.6%
GM	General Motors Company	6.0	3.85%	63	High	07-21-15	131	3.4%	$30.39	$39.53	$5,178.43	47.4%	40.3%	7.1%
WPC	W. P. Carey	14.3	5.60%	62	Low	03-05-18	46	2.2%	$60.29	$73.56	$3,383.76	27.8%	4.9%	22.9%
NNN	National Retail Properties	18.6	3.86%	90	Very Low	06-26-15	111	3.8%	$35.74	$51.80	$5,749.80	64.4%	41.6%	22.8%
JNJ	Johnson & Johnson	16.1	2.60%	99	Low	06-25-15	40	3.6%	$99.12	$138.35	$5,534.00	52.1%	41.6%	10.5%
DUK	Duke Energy Corporation	18.1	4.14%	80	Very Low	03-05-18	35	2.1%	$75.83	$89.53	$3,133.55	20.3%	4.9%	15.4%
D	Dominion Energy	17.7	4.91%	75	Very Low	11-07-17	50	2.5%	$80.63	$74.79	$3,739.50	-1.9%	10.9%	-12.8%
GIS	General Mills	14.8	4.15%	71	Low	06-17-15	73	2.3%	$55.25	$47.22	$3,447.06	-1.6%	41.6%	-43.2%
VZ	Verizon Communications	12.2	4.23%	87	Very Low	06-30-15	85	3.2%	$46.61	$56.96	$4,841.60	40.8%	44.3%	-3.5%
WEC	WEC Energy Group	21.7	3.10%	83	Very Low	03-05-18	48	2.4%	$59.41	$76.03	$3,649.44	28.5%	4.9%	23.6%
PM	Philip Morris International	16.2	5.21%	69	Average	06-19-15	50	2.9%	$82.66	$87.51	$4,375.50	25.1%	41.4%	-16.4%
CSCO	Cisco Systems	16.0	2.72%	91	High	06-06-16	175	5.9%	$29.15	$51.41	$8,996.75	87.9%	39.0%	48.9%
AEP	American Electric Power	19.8	3.29%	80	Very Low	06-19-15	73	3.9%	$54.47	$81.40	$5,942.20	65.9%	41.4%	24.4%
MCD	McDonald's Corporation	22.7	2.51%	79	Very Low	07-07-15	41	5.0%	$96.68	$185.05	$7,587.05	106.4%	42.8%	63.6%
PFE	Pfizer	15.0	3.32%	82	Low	04-03-17	167	4.8%	$34.20	$43.36	$7,241.12	34.5%	22.9%	11.5%
PPL	PPL Corporation	13.2	5.11%	74	Low	07-13-15	129	2.7%	$30.97	$32.26	$4,161.54	21.9%	41.6%	-19.7%
INTC	Intel Corporation	11.6	2.36%	92	Low	07-15-15	100	3.5%	$29.69	$53.30	$5,330.00	93.4%	41.1%	52.3%
ED	Consolidated Edison	19.0	3.58%	89	Very Low	07-02-15	67	3.6%	$59.14	$82.66	$5,538.22	57.3%	43.3%	13.9%
PAYX	Paychex	26.4	2.89%	74	Average	07-28-15	87	4.4%	$46.61	$77.43	$6,736.41	81.7%	41.9%	39.8%
WM	Waste Management	23.1	2.03%	78	Low	07-13-15	83	5.5%	$47.93	$101.00	$8,383.00	123.2%	41.6%	81.5%
SYY	Sysco Corporation	19.0	2.31%	93	Low	07-23-15	112	5.0%	$36.14	$67.58	$7,568.96	100.0%	41.4%	58.6%
EMR	Emerson Electric Co.	18.6	2.87%	84	High	08-04-15	80	3.6%	$49.62	$68.40	$5,472.00	52.3%	41.9%	10.4%
Cash (Includes Dividends Receivable)								3.4%			$5,211.49			
Portfolio Total		**16.9**	**3.43%**	**80**	**Low**			**100%**			**$151,802**	**51.8%**	**42.6%**	**9.2%**

How to Use the Table: Stocks in the "Possible Buying Opportunities" list appear to have relatively attractive valuations and/or more timely fundamental momentum. As such, they could prove to be the best available investment opportunities to put new cash to work in. Stocks in the "Long-term Holds" list are still expected to be solid long-term holdings, but they do not appear to have as attractive valuations or fundamental momentum at the moment, suggesting there might be a better opportunity in the future to add more.

Conservative Retirees Portfolio – Performance and Dividend Income





<u>**Monthly Return**</u>	**Jun 2018**	**Jul 2018**	**Aug 2018**	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**
Portfolio	1.40%	2.91%	2.82%	-0.44%	-0.38%	4.31%	-7.01%	5.54%	4.62%
S&P 500	0.61%	3.69%	3.19%	0.55%	-6.88%	1.87%	-8.81%	7.96%	3.24%
SPHD ETF	2.40%	1.84%	0.40%	-0.34%	-2.47%	3.32%	-7.49%	8.68%	1.79%
Portfolio Value	$134,860.68	$138,778.59	$142,692.51	$142,057.82	$141,515.89	$147,615.90	$137,264.95	$144,868.82	$151,555.96

<u>**Since Inception**</u>

Cumulative	**Jun 2018**	**Jul 2018**	**Aug 2018**	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**
Portfolio	34.86%	38.78%	42.69%	42.06%	41.52%	47.62%	37.26%	44.87%	51.56%
S&P 500	37.42%	42.46%	47.00%	47.80%	37.71%	40.28%	27.90%	38.08%	42.56%
SPHD ETF	42.25%	44.88%	45.46%	44.97%	41.39%	46.09%	35.15%	46.88%	49.52%

Annualized	**Jun 2018**	**Jul 2018**	**Aug 2018**	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**
Portfolio	10.35%	11.06%	11.72%	11.28%	10.84%	11.92%	9.35%	10.76%	11.88%
S&P 500	11.04%	12.00%	12.76%	12.63%	9.94%	10.28%	7.19%	9.30%	10.05%
SPHD ETF	12.25%	12.54%	12.33%	11.92%	10.76%	11.54%	8.84%	11.14%	11.43%

Conservative Retirees Portfolio – Payment Schedule **Data as of 3/3/19**

Ticker	Dividend Yield	EPS Payout Ratio	Dividend Amount $	Payment Cycle	Next Ex-Div Date	Next Pay Date	1-Yr Div Growth	5-Yr Div CAGR	10-Yr Div CAGR
AEP	3.3%	64%	0.67	Mar, Jun, Sept, Dec	Mid May	Early June	6%	5%	4%
CCI	3.8%	78%	1.13	Mar, Jun, Sept, Dec	03-14-19	03-29-19	10%	N/A	N/A
CSCO	2.7%	46%	0.35	Jan, Apr, Jul, Oct	04-04-19	04-24-19	13%	15%	N/A
ED	3.6%	66%	0.74	Mar, Jun, Sept, Dec	Mid May	Mid June	4%	3%	2%
EMR	2.9%	59%	0.49	Mar, Jun, Sept, Dec	Mid May	Mid June	1%	3%	4%
D	4.9%	81%	0.92	Mar, Jun, Sept, Dec	Late May	Mid June	10%	8%	8%
GIS	4.2%	62%	0.49	Feb, May, Aug, Nov	04-09-19	05-01-19	0%	5%	9%
GM	3.8%	23%	0.38	Mar, Jun, Sept, Dec	03-07-19	03-22-19	0%	N/A	25%
INTC	2.4%	26%	0.32	Mar, Jun, Sept, Dec	Early May	Early June	11%	6%	8%
JNJ	2.6%	43%	0.90	Mar, Jun, Sept, Dec	Late May	Mid June	7%	6%	7%
MCD	2.5%	53%	1.16	Mar, Jun, Sept, Dec	Late May	Mid June	9%	6%	10%
NNN	3.9%	73%	0.50	Feb, May, Aug, Nov	Early May	Mid May	5%	4%	3%
UPS	3.4%	50%	0.96	Mar, Jun, Sept, Dec	Late May	Mid June	10%	8%	7%
WEC	3.1%	65%	0.59	Mar, Jun, Sept, Dec	Mid May	Early June	6%	9%	15%
WPC	5.6%	76%	1.03	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	2%	4%	8%
DUK	4.1%	77%	0.93	Mar, Jun, Sept, Dec	Mid May	Mid June	4%	3%	3%
PAYX	2.9%	85%	0.56	Feb, May, Aug, Nov	Early May	Mid May	12%	9%	6%
PFE	3.3%	45%	0.36	Mar, Jun, Sept, Dec	Early May	Early June	6%	7%	1%
PG	2.9%	66%	0.72	Feb, May, Aug, Nov	Mid Apr	Mid May	3%	3%	6%
PM	5.2%	88%	1.14	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	6%	5%	11%
PPL	5.1%	68%	0.41	Jan, Apr, Jul, Oct	03-07-19	04-01-19	4%	2%	2%
KMB	3.6%	61%	1.03	Jan, Apr, Jul, Oct	03-07-19	04-02-19	3%	4%	6%
SYY	2.3%	45%	0.39	Jan, Apr, Jul, Oct	04-04-19	04-26-19	3%	6%	5%
T	6.6%	57%	0.51	Feb, May, Aug, Nov	Mid Apr	Early May	2%	2%	2%
PSA	3.8%	81%	2.00	Mar, Jun, Sept, Dec	Mid Mar	Late Mar	0%	9%	14%
VZ	4.2%	77%	0.60	Feb, May, Aug, Nov	Mid Apr	Early May	2%	3%	3%
WFC	3.6%	36%	0.45	Mar, Jun, Sept, Dec	Early May	Early June	6%	7%	2%
WM	2.0%	44%	0.51	Mar, Jun, Sept, Dec	03-07-19	03-22-19	9%	5%	6%
XOM	4.1%	64%	0.82	Mar, Jun, Sept, Dec	Mid May	Mid June	6%	6%	8%
Average	3.4%	61%					6%	6%	7%

How to Use the Table

The "Payment Schedule" table displays the dividend information you need to know about each holding.

Dividend Yield: the company's indicated annual dividend divided by its stock price.
EPS Payout Ratio: the percentage of GAAP earnings paid out as a dividend over the last 12 months.
FCF Payout Ratio: the percentage of free cash flow paid out as a dividend over the last 12 months.
Dividend Amount: the dollar per share amount of dividends paid out at each pay period.
Payment Cycle: the months the dividend is paid out. Useful for creating monthly income streams.
Next Ex-Div Date: to receive the next dividend payment, you need to own shares before this date.
Next Pay Date: the date at which the dividend amount is actually distributed to shareholders.

Long-term Dividend Growth

Portfolio Update

Portfolio Statistics

Dividend Yield:	1.7%
Fwd P/E Ratio:	20.5
Beta:	0.93
Dividend Safety:	84
Dividend Growth:	84
1-yr Sales Growth:	8.8%
1-yr EPS Growth:	12.4%

Performance Update

2/28/19	Feb	All
Portfolio	4.4%	64.0%
S&P 500	3.2%	44.0%
VIG ETF	4.6%	47.8%

Dividend Increases:	92
Dividend Decreases:	0

Portfolio Objective

Outperform the S&P 500 by at least 1% per year over any five-year rolling time horizon and generate annual dividend growth of at least 12% per year.

Return Drivers

Total return is expected to be composed of:

1.5% - 2.5% dividend yield
8% - 10% earnings growth

Investment Philosophy

We invest in companies with enduring competitive advantages, big markets, and relatively low payout ratios. We believe these stocks are best positioned for long-term earnings and dividend growth.

Portfolio Turnover

When we initiate a new position, we expect to hold it for at least 3-5 years. We only sell if fundamentals structurally change or valuation reaches excessive levels.

Performance Update

Our Long-term Dividend Growth portfolio gained 4.4% in February, outperforming the S&P 500's (SPY) 3.2% and roughly matching Vanguard's Dividend Appreciation ETF (VIG), which returned 4.6%.

Since inception in June 2015, our portfolio has returned 64%, outperforming the S&P 500's 44% return and VIG's 47.8% gain.

With our holdings' sales and EPS rising around 10% over the last year, our outlook for dividend growth remains strong. In fact, our dividend income has grown 13.3% over the trailing 12 months.

Our strongest stocks during the month of February were **Toro** (+15%), **Exponent** (+13%), and **A.O. Smith** (+9%).

Toro reported record earnings on February 21. Sales grew 10% driven by strong performance from new products, and earnings rose 6%.

Exponent, an engineering and consulting services provider, last reported solid earnings on January 31 and also increased its dividend by 23%. Fiscal year 2018 revenue grew 9%, and adjusted net income rose 25%. EXPO remains a long-term hold.

A.O. Smith turned in another solid month of performance. The business last reported earnings on January 29, and results were not as bad as feared given the water heater firm's outsized exposure to China and the housing market slowdown in the U.S. In 2018 sales and earnings grew 6% and 19%, respectively. Growth is expected to remain moderate in 2019, but the company's long-term outlook remains bright. Investors are also likely encouraged by the possibility of the U.S reaching a trade deal with China.

Our worst performing stocks in February were **IFF** (-10%), **Thor** (-1%), and **Broadridge** (+0%).

IFF reported results on February 13. IFF closed its largest ever acquisition (Frutarom), and investors worried about its growth rate coming in low. IFF expects acceleration and deserves more time to execute. The firm reiterated its three-year financial targets and remains a long-term hold.

Thor Industries is among our most cyclical holdings and remains volatile as investors forecast the RV market's next peak (sales dropped 21% last quarter). Thor recently closed its $2 billion acquisition of RV maker Erwin Hymer as well, marking its entrance to Europe. Management has had success with past deals to expand Thor's market, so they deserve the benefit of the doubt. Thor remains a hold.

Broadridge reported earnings on February 7, and management expects the company to achieve its full-year guidance calling for 9% to 13% adjusted EPS growth. Broadridge's P/E ratio topped out near 30 in 2018 but has since reverted back to its five-year average of about 21. The stock remains a long-term hold.

Dividend Events

Three holdings announced new dividend increases during the last month. Our portfolio has enjoyed a total of 92 payout raises since inception in June 2015. We have not experienced any dividend cuts.

Texas Roadhouse increased its dividend by 20% and has raised its payout each since initiating a dividend in 2011.

TJX Companies raised its payout by 18%. The retailer has paid higher dividends for 23 straight years, recording 22% annual growth over this period.

FLIR lifted its dividend by 6.3% and has increased its dividend each year since it started paying one in 2011.

Stocks to Consider Buying

Two stocks look like timely opportunities for long-term investors to consider: A.O. Smith (AOS) and MSC Industrial (MSM).

A.O. Smith (AOS): A.O. Smith was founded in 1874 and manufactures residential and commercial gas and electric water heaters, boilers, and water treatment products that are sold in over 60 countries around the world. The company's water heaters are sold to residences, restaurants, hotels, office buildings, laundromats, car washes, and other small businesses. It also produces residential and commercial boilers for use in space heating applications for hospitals, schools, hotels, and other large commercial buildings. Over 60% of sales are made in North America, but China is a key market accounting for 34% of revenue.

Competitive Advantages

A.O. Smith has spent over 100 years carefully building up its core brands and forming great relationships with over 1,300 distributors in North America. The company spends about 3% of its sales on R&D to continually improve the quality of its products, specifically their thermal efficiency (how much energy is used to heat the water versus lost to the environment). The company also prides itself on the reliability and durability of its heaters and boilers. This is why today A.O. Smith is the largest water heater manufacturer in America with almost 40% market share in the U.S. residential market.

Competitors have a hard time taking meaningful market share from A.O. Smith due to the mature nature of the water heater market. Water heaters need to be replaced every 8 to 12 years, and customers have few reasons to switch suppliers if they are happy with the quality, performance, and price of A.O. Smith's solutions. As a result, the company enjoys substantial replacement sales, which account for the vast majority of the U.S. residential water heater market. Future growth will be driven by the company's efforts to deploy its leading water treatment technologies in China, India, and other fast-growing emerging markets. Our full investment thesis on A.O. Smith is available here.

Dividend Review

Dividend Safety Score: 99 5-Year Dividend Growth Rate: 26% per year Dividend Yield: 1.67%

With 25 consecutive annual dividend increases, A.O. Smith is a dividend aristocrat. The firm last raised its dividend by 22% in October 2018 and maintains excellent dividend growth potential going forward. A.O. Smith's payout ratio sits below 35%, the business has a pristine balance sheet (more cash than debt), management targets 8% long-term organic revenue growth, and the water heater replacement business generates consistent cash flow.

Recent News

No update from last month. A.O. Smith reported earnings on January 29, and results were not as bad as feared given the water heater firm's outsized exposure to China and the housing market slowdown in the U.S. In 2018 sales and earnings grew 6% and 19%, respectively.

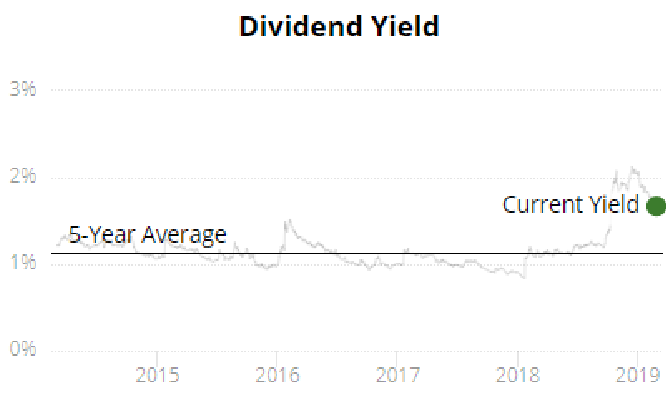
"North America boilers and residential water heaters performed well in 2018, and we expect this trend will continue in 2019. We believe our business model in China is solid, although we have some near-term challenges to navigate through as the China economy remains weak. Assuming relatively flat consumer demand in 2019 and without the impact of the previously-disclosed channel inventory build we experienced in 2018, which we estimate was at least five percent of 2018 China sales, we project China sales will decline by three to six percent in 2019 in local currency terms and seven to ten percent in U.S. dollar terms. Since the inventory build primarily occurred in the first quarter of 2018, we anticipate the majority of the related China sales decline will occur in the first quarter of 2019.

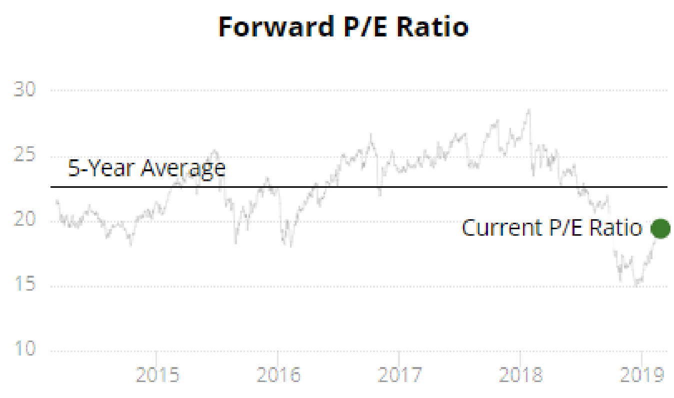
"As a result, we expect total company full year sales will grow between one and 2.5 percent and between 2.5 to four percent in local currency terms. We believe 2019 earnings will be between $2.67 and $2.77 per share. The midpoint of our 2019 earnings guidance represents a four percent increase over 2018 adjusted earnings per share."

While A.O. Smith's short-term outlook is murky, I continue to believe this is a great business to own for the long term. The company's strong market share, 85% replacement market in U.S. water heaters and boilers (recurring cash flow), solid organic growth, and excellent balance sheet will allow A.O. Smith to successfully navigate volatile times.

Valuation

AOS's forward P/E ratio was 19.4 and its dividend yield was 1.67% as of 3/3/19.





MSC Industrial (MSM): MSM is a national distributor of metalworking and maintenance, repair and operations (MRO) products, solutions and services for manufacturers throughout North America.

Competitive Advantages

The directly addressable MRO market is $160 billion in size and extremely fragmented with more than 145,000 distributors. Despite sluggish industrial activity in recent years, MSM seems likely to continue taking market share and growing its sub-$3 billion sales base. MSM's fulfillment center network, product breadth (over 1,500,000 products compared to the industry average of approximately 15,000), and inventory availability (99% fill rate compared to the industry average below 60%) make it the most convenient and cost-effective option for many customers.

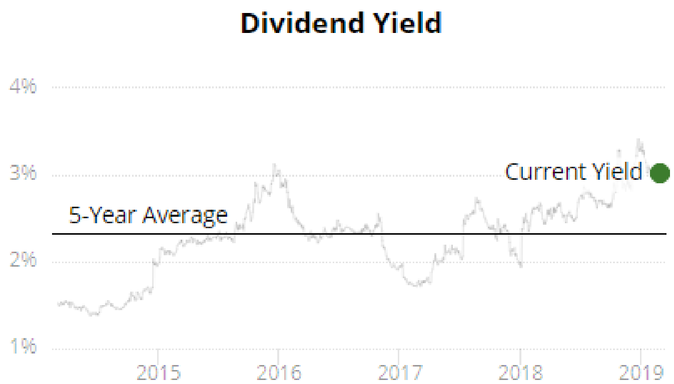
Dividend Review
Dividend Safety Score: 85 5-Year Dividend Growth Rate: 13% per year Dividend Yield: 3.01%

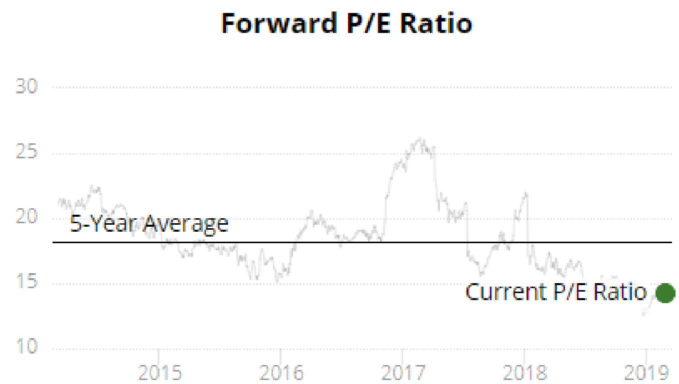
MSM began paying dividends in 2003 and has raised its payout each year since. Dividend growth has averaged 11% annually over the past decade, and the business remains favorably positioned to continue rewarding shareholders with above-average growth thanks to its reasonable payout ratio near 50%, healthy balance sheet, and excellent free cash flow generation.

Recent News
No update from last month. MSC Industrial reported earnings on January 9. Sales grew 8%, and operating income increased 4%. No change to our long-term outlook.

The firm's CEO said, "The industrial economy remained strong in the fiscal first quarter, although there is currently more uncertainty than a few months ago due to potential economic and trade overhangs and the government shut-down. Our net sales in the first quarter were slightly above the mid-point of our guidance, with Core customers and National Accounts achieving high single-digit growth, tempered by the expected weakness in Government. AIS continues to progress according to plan, delivering solid top line growth."

Valuation
MSM's forward P/E ratio was 14.2 and its dividend yield was 3.01% as of 3/3/19.





Stocks to Consider Selling
None.

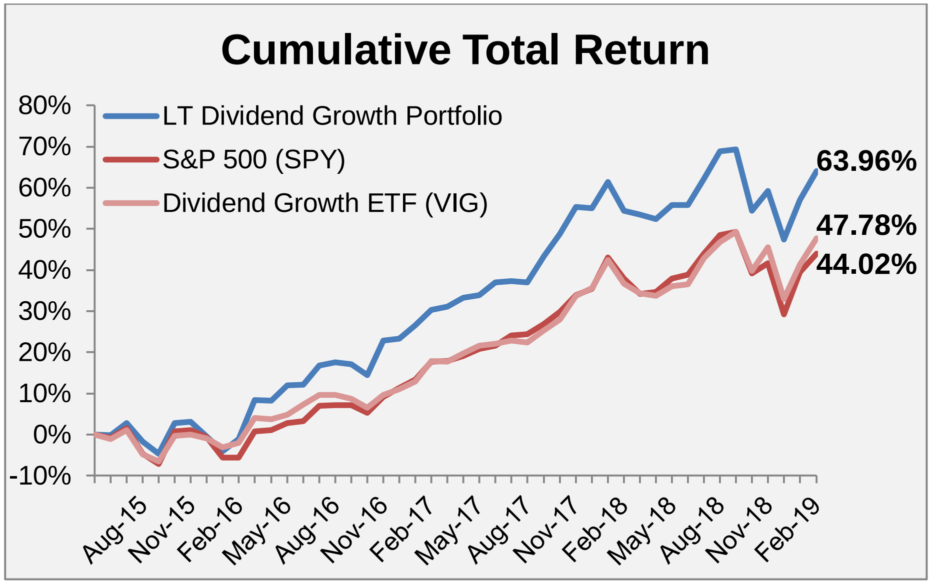
Long-term Dividend Growth Portfolio – Portfolio Actions

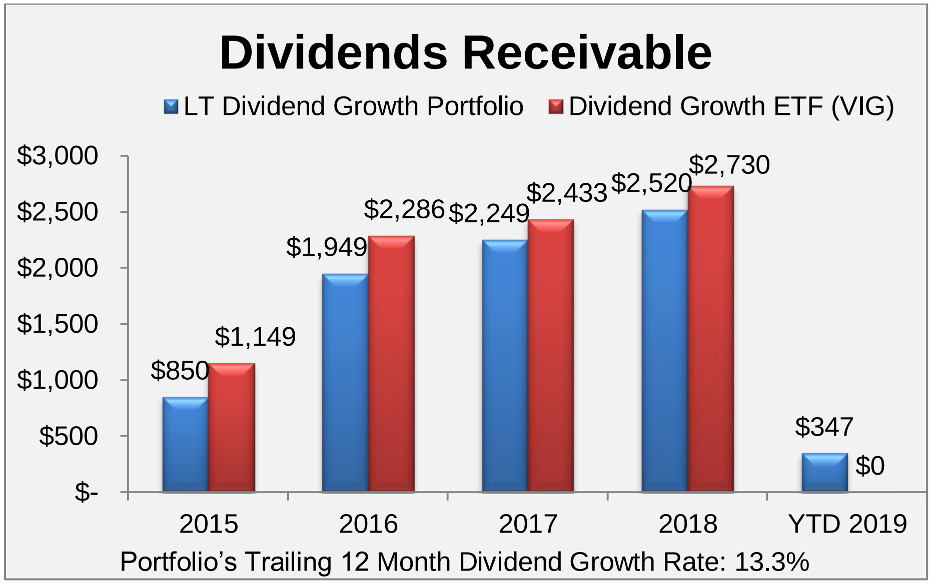
Data as of 3/3/19

Ticker	Name	Fwd P/E Ratio	Dividend Yield	Safety Score	Price Volatility	Entry Date	Shares Owned	% of Portfolio	Cost per Share	Last Price	Market Value	Total Return	S&P 500 Return	Relative Return
Possible Buying Opportunities														
AOS	A. O. Smith Corporation	19.4	1.67%	99	High	07-13-15	118	3.8%	$33.76	$52.58	$6,204.44	63.9%	41.6%	22.3%
MSM	MSC Industrial Direct Co.	14.2	3.01%	85	Average	06-22-15	57	2.9%	$69.81	$83.83	$4,778.31	30.7%	40.2%	-9.5%
Long-term Holds														
FLIR	FLIR Systems	22.0	1.32%	95	High	07-10-15	130	4.1%	$30.57	$51.51	$6,696.30	75.4%	43.2%	32.2%
LOW	Lowe's Companies	17.2	1.85%	93	High	11-07-17	60	3.8%	$77.65	$103.96	$6,237.60	36.8%	10.9%	25.9%
MDT	Medtronic	17.3	2.17%	98	Average	11-07-17	65	3.6%	$77.80	$92.09	$5,985.85	21.2%	10.9%	10.2%
ORCL	Oracle Corporation	14.8	1.45%	96	High	12-31-15	110	3.5%	$36.53	$52.51	$5,776.10	50.0%	44.6%	5.3%
FUL	H.B. Fuller Company	15.4	1.21%	70	High	07-24-15	107	3.3%	$38.83	$51.05	$5,462.35	36.7%	42.8%	-6.1%
HRL	Hormel Foods Corporation	23.3	1.94%	99	Very Low	06-06-16	141	3.7%	$34.38	$43.39	$6,117.99	33.3%	39.0%	-5.8%
APH	Amphenol Corporation	24.2	0.97%	87	Average	07-14-15	72	4.2%	$55.15	$95.11	$6,847.92	76.9%	41.0%	35.9%
CB	Chubb Limited	12.4	2.18%	91	Average	06-26-15	38	3.1%	$103.47	$134.12	$5,096.56	39.7%	41.6%	-1.9%
AMT	American Tower Corporation (REIT	22.9	1.89%	70	Low	04-03-17	35	3.8%	$120.49	$177.92	$6,227.20	51.6%	22.9%	28.7%
BDX	Becton, Dickinson and Company	20.4	1.21%	93	High	04-04-16	28	4.3%	$153.94	$254.37	$7,122.36	69.4%	42.5%	26.9%
IFF	International Flavors & Fragrances	20.1	2.28%	64	Low	07-14-15	37	2.9%	$113.16	$127.87	$4,731.19	21.0%	41.0%	-20.1%
CHRW	C.H. Robinson Worldwide	17.9	2.22%	91	Low	10-03-16	65	3.6%	$70.26	$90.20	$5,863.00	34.9%	33.6%	1.2%
PH	Parker-Hannifin Corporation	14.6	1.73%	93	High	07-23-15	36	3.8%	$110.92	$176.05	$6,337.80	67.8%	41.4%	26.5%
ABT	Abbott Laboratories	24.5	1.63%	78	Average	12-31-15	90	4.3%	$44.91	$78.59	$7,073.10	82.9%	44.6%	38.2%
TJX	TJX Companies	20.0	1.50%	86	Low	06-23-15	118	3.7%	$33.76	$52.02	$6,138.36	66.2%	40.1%	26.1%
FIS	Fidelity Nat'l Information Services	14.6	1.29%	78	Low	07-17-15	63	4.1%	$62.94	$108.39	$6,828.57	75.4%	39.8%	35.5%
BR	Broadridge Financial Solutions	21.0	1.91%	70	Average	06-22-15	76	4.7%	$52.65	$101.49	$7,713.24	102.2%	40.2%	61.9%
IEX	IDEX Corporation	25.2	1.19%	94	High	07-22-15	52	4.6%	$75.87	$144.85	$7,532.20	97.8%	40.6%	57.2%
TXRH	Texas Roadhouse	25.6	1.90%	81	Average	06-09-15	109	4.2%	$36.38	$63.08	$6,875.72	97.0%	43.0%	54.0%
ROK	Rockwell Automation	19.4	2.17%	77	High	07-27-15	34	3.7%	$116.32	$178.51	$6,069.34	63.8%	43.7%	20.1%
THO	Thor Industries	9.7	2.38%	75	Very High	07-29-15	72	2.9%	$55.14	$65.63	$4,725.36	27.7%	41.0%	-13.3%
EXPO	Exponent	41.3	1.12%	66	Very Low	07-22-15	180	6.2%	$22.66	$56.99	$10,258.20	162.6%	40.6%	122.0%
TTC	Toro Company	23.1	1.31%	85	Low	07-20-15	122	5.1%	$33.67	$68.57	$8,365.54	112.7%	39.8%	72.9%
Cash (Includes Dividends Receivable)								2.3%			$3,757.68			
Portfolio Total		**20.5**	**1.68%**	**84**	**Average**			**100%**			**$164,822**	**64.8%**	**44.0%**	**20.8%**

How to Use the Table: Stocks in the "Possible Buying Opportunities" list appear to have relatively attractive valuations and/or more timely fundamental momentum. As such, they could prove to be the best available investment opportunities to put new cash to work in. Stocks in the "Long-term Holds" list are still expected to be solid long-term holdings, but they do not appear to have as attractive valuations or fundamental momentum at the moment, suggesting there might be a better opportunity in the future to add more.

Long-term Dividend Growth Portfolio – Performance and Dividend Income





Monthly Return	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019
Portfolio	0.02%	4.09%	4.16%	0.25%	-8.82%	3.19%	-7.50%	6.62%	4.38%
S&P 500	0.61%	3.69%	3.19%	0.55%	-6.88%	1.87%	-8.81%	7.96%	3.24%
VIG ETF	0.30%	4.68%	2.80%	1.68%	-6.36%	4.14%	-8.72%	6.32%	4.58%
Portfolio Value	$155,758.43	$162,123.67	$168,870.38	$169,291.05	$154,351.88	$159,278.48	$147,331.86	$157,084.76	$163,962.68

Since Inception

Cumulative	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019
Portfolio	55.76%	62.12%	68.87%	69.29%	54.35%	59.28%	47.33%	57.08%	63.96%
S&P 500	38.83%	43.92%	48.51%	49.32%	39.12%	41.72%	29.21%	39.50%	44.02%
VIG ETF	36.46%	42.85%	46.85%	49.32%	39.82%	45.61%	32.91%	41.31%	47.78%

Annualized	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019
Portfolio	15.60%	16.61%	17.61%	17.26%	13.63%	14.31%	11.48%	13.17%	14.19%
S&P 500	11.33%	12.27%	13.03%	12.89%	10.21%	10.54%	7.46%	9.55%	10.29%
VIG ETF	10.73%	12.04%	12.67%	12.92%	10.40%	11.43%	8.33%	9.96%	11.08%

Long-term Dividend Growth Portfolio – Payment Schedule

Data as of 3/3/19

Ticker	Dividend Yield	EPS Payout Ratio	Dividend Amount $	Payment Cycle	Next Ex-Div Date	Next Pay Date	1-Yr Div Growth	5-Yr Div CAGR	10-Yr Div CAGR
ABT	1.6%	40%	0.32	Feb, May, Aug, Nov	04-12-19	05-15-19	8%	N/A	N/A
CB	2.2%	30%	0.73	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	3%	6%	10%
AOS	1.7%	29%	0.22	Feb, May, Aug, Nov	Early May	Mid May	36%	27%	20%
APH	1.0%	23%	0.23	Jan, Apr, Jul, Oct	03-18-19	04-10-19	26%	24%	40%
BDX	1.2%	27%	0.77	Mar, Jun, Sept, Dec	03-07-19	03-29-19	3%	7%	9%
BR	1.9%	40%	0.49	Jan, Apr, Jul, Oct	03-14-19	04-03-19	33%	18%	21%
EXPO	1.1%	39%	0.16	Mar, Jun, Sept, Dec	03-07-19	03-22-19	24%	28%	N/A
FIS	1.3%	24%	0.35	Mar, Jun, Sept, Dec	03-14-19	03-29-19	10%	8%	20%
FLIR	1.3%	28%	0.17	Mar, Jun, Sept, Dec	Late May	Early June	7%	12%	N/A
FUL	1.2%	21%	0.16	Feb, May, Aug, Nov	Early May	Late May	4%	10%	9%
IEX	1.2%	31%	0.43	Feb, May, Aug, Nov	Mid Apr	Early May	16%	13%	14%
IFF	2.3%	46%	0.73	Jan, Apr, Jul, Oct	Late Mar	Early Apr	7%	14%	11%
LOW	1.8%	35%	0.48	Feb, May, Aug, Nov	Late Apr	Early May	17%	21%	19%
MSM	3.0%	44%	0.63	Jan, Apr, Jul, Oct	Early Apr	Late Apr	14%	8%	12%
ORCL	1.4%	23%	0.19	Feb, May, Aug, Nov	Mid Apr	Early May	0%	10%	22%
MDT	2.2%	38%	0.50	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	9%	12%	10%
PH	1.7%	26%	0.76	Mar, Jun, Sept, Dec	Mid May	Early June	6%	10%	13%
CHRW	2.2%	40%	0.50	Mar, Jun, Sept, Dec	Late May	Late June	4%	6%	8%
ROK	2.2%	44%	0.97	Mar, Jun, Sept, Dec	Mid May	Mid June	11%	11%	13%
THO	2.4%	21%	0.39	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	5%	11%	19%
TJX	1.5%	30%	0.20	Mar, Jun, Sept, Dec	Mid May	Early June	25%	22%	22%
AMT	1.9%	42%	0.84	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	21%	24%	N/A
TTC	1.3%	30%	0.23	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	13%	18%	20%
TXRH	1.9%	45%	0.30	Mar, Jun, Sept, Dec	03-12-19	03-29-19	19%	16%	N/A
HRL	1.9%	42%	0.21	Feb, May, Aug, Nov	Mid Apr	Mid May	12%	16%	16%
Average	1.7%	33%					13%	14%	16%

How to Use the Table

The “Payment Schedule” table displays the dividend information you need to know about each holding.

Dividend Yield: the company’s indicated annual dividend divided by its stock price.
EPS Payout Ratio: the percentage of GAAP earnings paid out as a dividend over the last 12 months.
FCF Payout Ratio: the percentage of free cash flow paid out as a dividend over the last 12 months.
Dividend Amount: the dollar per share amount of dividends paid out at each pay period.
Payment Cycle: the months the dividend is paid out. Useful for creating monthly income streams.
Next Ex-Div Date: to receive the next dividend payment, you need to own shares before this date.
Next Pay Date: the date at which the dividend amount is actually distributed to shareholders.

Idea Generation – Safe Dividend Stocks

The dividend stocks on this list are characterized by low price volatility, dividend yields in excess of 3%, and very strong Dividend Safety Scores. These companies are good bets to continue delivering predictable income with less price volatility. We calculate how safe a dividend payment is by analyzing balance sheets, profitability trends, payout ratios, industry cyclicality, earnings growth, and more.

Ticker	Name	P/E Ratio	Dividend Yield	Safety Score	Price Volatility	EPS Payout	5yr Div CAGR
AEP	American Electric Power Company	19.8	3.3%	80	Very Low	64%	5%
AVB	AvalonBay Communities	22.1	3.1%	95	Low	65%	7%
DLR	Digital Realty Trust	18.5	3.8%	91	Low	67%	5%
DUK	Duke Energy Corporation	18.1	4.1%	80	Very Low	77%	3%
ED	Consolidated Edison	19.0	3.6%	89	Very Low	66%	3%
FRT	Federal Realty Investment Trust	25.2	3.1%	84	Low	65%	6%
K	Kellogg Company	14.2	3.9%	72	Low	51%	4%
KMB	Kimberly-Clark Corporation	17.5	3.6%	87	Low	61%	4%
KO	Coca-Cola Company	21.6	3.5%	87	Low	75%	7%
MAA	Mid-America Apartment Communities	18.7	3.7%	92	Very Low	75%	6%
MO	Altria Group	12.6	6.1%	65	Low	75%	10%
NNN	National Retail Properties	18.6	3.9%	90	Very Low	73%	4%
O	Realty Income Corporation	21.0	3.9%	80	Very Low	83%	4%
PEP	PepsiCo	21.1	3.2%	94	Low	63%	10%
PNW	Pinnacle West Capital Corporation	19.1	3.2%	90	Very Low	62%	5%
PSA	Public Storage	22.2	3.8%	86	Very Low	81%	9%
SPG	Simon Property Group	15.5	4.7%	72	Low	68%	11%
MMP	Magellan Midstream Partners, L.P.	12.2	6.5%	61	Low	80%	12%
VTR	Ventas	18.4	5.1%	65	Low	86%	3%
VZ	Verizon Communications	12.2	4.2%	87	Very Low	51%	3%
WEC	WEC Energy Group	21.7	3.1%	83	Very Low	65%	9%
FLO	Flowers Foods	21.1	3.5%	65	Very Low	76%	10%

Idea Generation – High Growth Dividend Stocks

The dividend stocks on this list are characterized by moderate price volatility, dividend yields in excess of 1.5%, and strong long-term growth potential. These companies are extremely well-positioned to grow their dividends quickly in coming years. We calculate how fast a dividend payment can grow by analyzing payout ratios, sales and earnings growth, and more.

Ticker	Name	P/E Ratio	Dividend Yield	Safety Score	Price Volatility	EPS Payout	3yr Div CAGR
AMT	American Tower Corporation	22.9	1.9%	70	Low	42%	23%
BBY	Best Buy Co.	12.1	2.7%	79	Average	33%	24%
COLB	Columbia Banking System	14.5	2.7%	62	Average	39%	13%
CSCO	Cisco Systems	16.0	2.7%	91	Average	46%	16%
CUBE	CubeSmart	19.3	4.2%	65	Very Low	74%	21%
DOX	Amdocs Limited	13.1	2.0%	85	Low	25%	13%
ELS	Equity LifeStyle Properties	29.8	2.2%	84	Very Low	63%	14%
HD	Home Depot	18.3	2.9%	90	Average	42%	23%
HON	Honeywell International	19.6	2.1%	98	Average	38%	12%
HRL	Hormel Foods Corporation	23.3	1.9%	99	Very Low	42%	13%
ITW	Illinois Tool Works	18.2	2.8%	86	Average	47%	20%
KEY	KeyCorp	9.5	3.9%	79	Average	32%	25%
MDT	Medtronic plc	17.3	2.2%	98	Average	38%	10%
NDAQ	Nasdaq	18.0	1.9%	62	Low	35%	24%
RGA	Reinsurance Group of America	10.9	1.7%	94	Low	17%	16%
SBUX	Starbucks Corporation	25.8	2.0%	71	Very Low	55%	25%
SCI	Service Corporation International	21.5	1.7%	78	Average	38%	16%
SNA	Snap-on Incorporated	13.0	2.4%	99	Average	29%	16%
STI	SunTrust Banks	11.4	3.0%	81	Average	32%	25%
TSN	Tyson Foods	10.3	2.4%	98	Very Low	20%	44%
VFC	V.F. Corporation	21.2	2.3%	73	Average	51%	8%
AAPL	Apple	14.7	1.7%	96	Average	23%	11%
BA	Boeing Company	21.9	1.9%	98	Average	43%	23%

Idea Generation – High Yield Stocks

The dividend stocks on this list are characterized by moderate to low price volatility, dividend yields near 4% or higher, and close to average Dividend Safety Scores. High yield stocks often carry higher business risk or personal tax liabilities (e.g. MLP's). We do our best to filter out the riskiest ideas by using our proprietary scoring system, but you should always closely analyze these types of stocks. Click on the blue-colored ticker symbols to pull up each company in our Stock Analyzer. I also suggest bookmarking this article: High Dividend Stocks

Ticker	Name	P/E Ratio	Dividend Yield	Safety Score	Price Volatility	EPS Payout	5yr Div CAGR
BEP	Brookfield Renewable Partners L.P.	16.7	6.9%	53	Very Low	90%	6%
BIP	Brookfield Infrastructure Partners L.P.	15.2	5.0%	65	Average	53%	10%
DUK	Duke Energy Corporation	18.1	4.1%	80	Very Low	77%	3%
ENB	Enbridge	11.2	5.6%	55	Low	58%	16%
EPD	Enterprise Products Partners L.P.	10.4	6.3%	81	Average	62%	5%
PM	Philip Morris International	16.2	5.2%	69	Average	88%	5%
IRM	Iron Mountain Incorporated	11.5	6.8%	52	Average	78%	17%
MMP	Magellan Midstream Partners, L.P.	12.2	6.5%	61	Low	80%	12%
SKT	Tanger Factory Outlet Centers	10.5	6.8%	66	Low	62%	9%
SO	Southern Company	16.4	4.8%	65	Very Low	78%	3%
SPG	Simon Property Group	15.5	4.7%	72	Low	68%	11%
T	AT&T	8.6	6.6%	55	Very Low	57%	2%
VTR	Ventas	18.4	5.1%	65	Low	86%	3%
VZ	Verizon Communications	12.2	4.2%	87	Very Low	51%	3%
WPC	W. P. Carey	14.3	5.6%	62	Low	76%	4%
MO	Altria Group	12.6	6.1%	65	Low	75%	10%
MAIN	Main Street Capital Corporation	15.1	6.1%	69	Average	89%	6%
OKE	ONEOK	14.2	5.2%	54	Average	76%	17%
GIS	General Mills	14.8	4.2%	71	Low	62%	5%
NHI	National Health Investors	15.3	5.4%	62	Low	79%	7%
MPW	Medical Properties Trust	15.8	5.5%	81	Low	86%	4%
D	Dominion Energy	17.7	4.9%	75	Very Low	81%	8%
WELL	Welltower	19.6	4.7%	69	Very Low	95%	2%
STOR	STORE Capital Corporation	16.4	4.1%	68	Very Low	70%	8%

Idea Generation – Dividend Increases

Dividend increases are a signal of management's confidence in the company's future. Historically speaking, consistent dividend growers have been among the best long-term performers in the market. The following table contains some of the notable dividend increases that were announced over the last month.

Ticker	Name	Dividend Increase	P/E Ratio	Dividend Yield	Safety Score	Price Volatility	EPS Payout	5yr Div CAGR
HD	Home Depot	32%	18.3	2.9%	90	Average	42%	24%
SHW	Sherwin-Williams Company	31%	20.6	1.0%	85	High	19%	11%
TJX	TJX Companies	18%	20.0	1.5%	86	Low	30%	22%
NEE	NextEra Energy	13%	22.4	2.7%	97	Very Low	58%	11%
WMB	Williams Companies	12%	10.5	5.5%	48	Very High	60%	-1%
GILD	Gilead Sciences	11%	10.0	3.8%	80	Average	34%	N/A
UNP	Union Pacific Corporation	10%	18.4	2.1%	90	High	39%	16%
ALB	Albemarle Corporation	10%	14.6	1.5%	96	Very High	24%	7%
TROW	T. Rowe Price Group	9%	15.6	3.0%	98	High	39%	13%
ETN	Eaton Corporation plc	8%	13.7	3.3%	90	Very High	48%	9%
DLR	Digital Realty Trust	7%	18.5	3.8%	91	Low	67%	5%
BIP	Brookfield Infrastructure Partners L.P.	7%	0.0	5.0%	65	Average	53%	10%
BAM	Brookfield Asset Management	7%	92.3	1.4%	55	High	17%	7%
CSCO	Cisco Systems	6%	16.0	2.7%	91	High	46%	15%
GPC	Genuine Parts Company	6%	18.4	2.8%	74	Average	51%	6%
MMM	3M Company	6%	19.5	2.8%	86	Average	55%	16%
UPS	United Parcel Service	6%	14.8	3.4%	72	High	50%	8%
NHI	National Health Investors	5%	15.3	5.4%	62	Low	79%	7%
CHD	Church & Dwight Co.	5%	26.7	1.4%	99	Very Low	38%	9%
ADM	Archer-Daniels-Midland Company	5%	11.9	3.3%	95	Average	38%	12%
PEP	PepsiCo	3%	21.1	3.2%	94	Low	63%	10%
MAIN	Main Street Capital Corporation	3%	15.1	6.1%	69	Average	89%	6%
ORI	Old Republic International Corporation	3%	11.3	3.8%	70	Average	41%	2%
KO	Coca-Cola Company	3%	21.6	3.5%	87	Very Low	75%	7%
WMT	Walmart	2%	20.6	2.2%	81	Very Low	42%	2%
SKT	Tanger Factory Outlet Centers	1%	10.5	6.8%	66	Low	62%	9%
PPL	PPL Corporation	1%	13.2	5.1%	74	Low	68%	2%

Idea Generation – Ex-Dividend Dates

To receive the next dividend payment from a stock, you must own shares before the company's ex-dividend date. The following table contains large cap dividend stocks with dividend yields in excess of 2% and upcoming ex-dividend dates.

Ticker	Name	P/E Ratio	Dividend Yield	Safety Score	Price Volatility	EPS Payout Ratio	5yr Div CAGR	Next Ex-Div Date
BLK	BlackRock	16.8	3.0%	95	Very High	42%	12%	3/5/2019
GM	General Motors Company	6.0	3.9%	63	High	23%	N/A	3/7/2019
KMB	Kimberly-Clark Corporation	17.5	3.6%	87	Low	61%	4%	3/7/2019
NTRS	Northern Trust Corporation	13.9	2.6%	95	Average	30%	10%	3/7/2019
PEG	Public Service Enterprise Group	18.2	3.2%	97	Low	57%	5%	3/7/2019
PPL	PPL Corporation	13.2	5.1%	74	Low	68%	2%	3/7/2019
RCI	Rogers Communications	15.1	2.8%	78	Low	45%	2%	3/11/2019
HD	Home Depot	18.3	2.9%	90	Average	42%	24%	3/13/2019
CCI	Crown Castle International	20.3	3.8%	61	Very Low	78%	N/A	3/14/2019
DLR	Digital Realty Trust	18.5	3.8%	91	Low	67%	5%	3/14/2019
GILD	Gilead Sciences	10.0	3.8%	80	Average	34%	N/A	3/14/2019
KO	Coca-Cola Company	21.6	3.5%	87	Very Low	75%	7%	3/14/2019
MRK	Merck & Co.	17.4	2.7%	99	Low	44%	2%	3/14/2019
PLD	Prologis	26.2	3.0%	61	Average	57%	11%	3/14/2019
TROW	T. Rowe Price Group	15.6	3.0%	98	High	39%	13%	3/14/2019
XEL	Xcel Energy	21.1	3.0%	74	Very Low	62%	6%	3/14/2019
DTE	DTE Energy Company	19.8	3.1%	83	Very Low	57%	7%	3/15/2019
SRE	Sempra Energy	20.2	3.2%	70	Low	64%	7%	3/21/2019
AVB	AvalonBay Communities	22.1	3.1%	95	Low	65%	7%	3/28/2019
ITW	Illinois Tool Works	18.2	2.8%	86	High	47%	17%	3/28/2019
APD	Air Products and Chemicals	21.6	2.6%	94	Average	59%	9%	3/29/2019
STT	State Street Corporation	10.8	2.6%	74	High	25%	11%	3/29/2019
VTR	Ventas	18.4	5.1%	65	Low	86%	3%	3/29/2019
CSCO	Cisco Systems	16.0	2.7%	91	High	46%	15%	4/4/2019

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As of the time this newsletter was published, Brian Bollinger was long each of the stocks held in the Top 20 Dividend Stocks, Conservative Retirees, and Long-term Dividend Growth portfolios.