SIMPLY SAFE DIVIDENDS

June 2019
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Intelligent Income℠

Quality dividend ideas for safe income and long-term growth

Monthly Recap

The S&P 500 (SPY) turned in its second-worst May performance since the 1960s with a 6.4% loss, according to Bloomberg. Even popular dividend index funds such as Schwab's U.S. Dividend Equity ETF (SCHD) and the S&P 500 High Dividend Low Volatility ETF (SPHD) each lost more than 6% in May.

Given that context, our Top 20 Dividend Stocks and Conservative Retirees portfolios performed well with declines of just 3.4% and 2.8%, respectively. We own high quality businesses that are in good financial health (Dividend Safety Scores close to 60 or higher), helping our portfolios better hold their ground during downturns while continuing to generate safe income.

Managing risk is an investor's biggest responsibility, especially in retirement. Unfortunately, even despite May's volatility, I believe the market environment over the past decade has caused many income-hungry investors to become complacent.

Simply put, record low interest rates around the world have pushed investors further out on the risk curve. In 2007, for example, investors could lock in about a 4% yield on a one-year CD, according to data from Bankrate.com.

By 2010 the interest rate offered by one-year CDs fell below 1% and remained there until the Fed began raising interest rates in late 2015. A similar story has played out in other asset classes, such as

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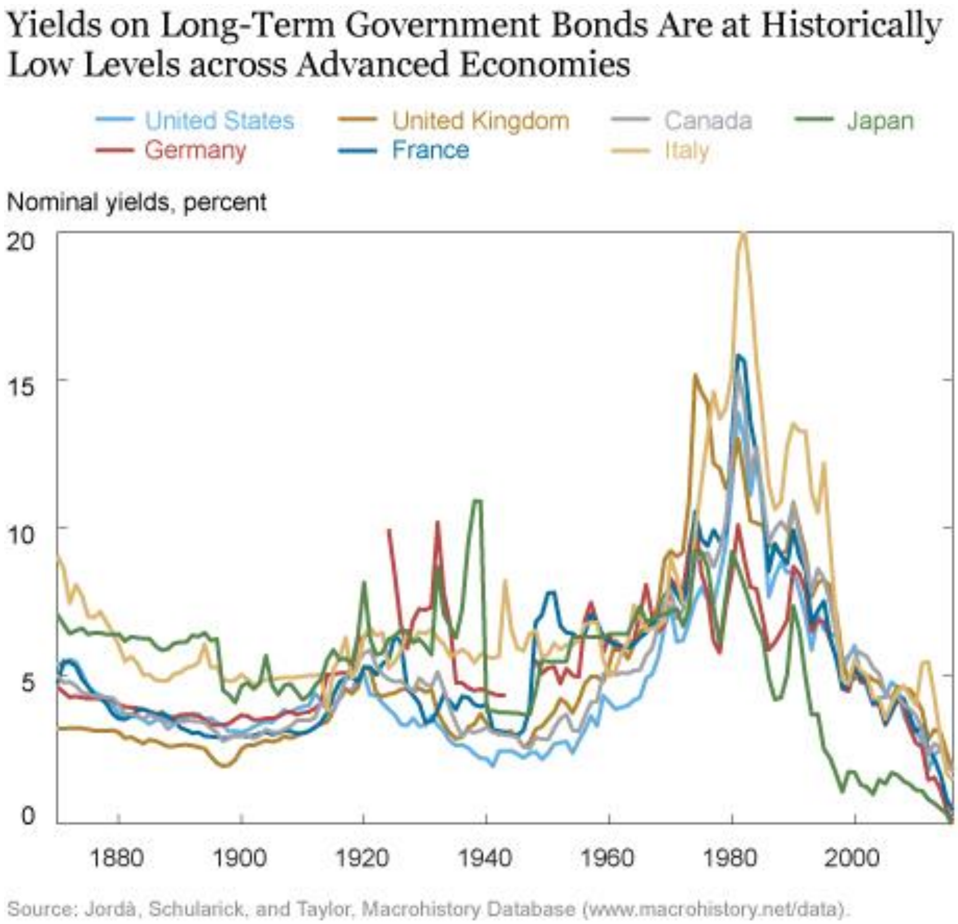
Quote of the Month

"Don't sell the steak, sell the sizzle."
– Elmer Wheeler, expert salesman in the 1920s

long-term bonds. In fact, economists at the New York Fed note that "long-term government bond yields are at their lowest levels of the past 150 years in advanced economies."



From cutting short-term interest rates to quantitative easing (printing money to buy government bonds and other financial assets), central banks have embarked on unprecedented stimulus measures in an effort to boost global economic growth following the 2007-08 financial crisis.

No one knows if low interest rates are here to stay for the long term or are merely a temporary distortion in the grand scheme of history. However, yields once again plunged lower in May, falling at the fastest pace since the global financial crisis, according to Bloomberg (the 10-year Treasury yield fell to nearly 2%, down from about 2.75% in early March).

Escalating trade tensions were the main culprit and caused investors to worry that global economic growth could slow. Bank of America estimated that the tariffs on Chinese imports could reduce the S&P 500's earnings by 1.2% in 2019, and Goldman Sachs believes the proposed Mexican imports tariff has potential to hit earnings by 5%, according to the Wall Street Journal.

These issues, and the ever-present risk of a recession, have no impact on my portfolio management strategy since we focus on high quality businesses. However, as we discussed in our August 2017 newsletter, low interest rates have sent many investors flooding into riskier asset classes that provide potential for higher yields and returns.

I wasn't surprised to learn earlier this week that Seeking Alpha's largest subscription service is one that touts its ability to achieve a 9-10% dividend yield. The income story sells more than ever these days. Some folks pursuing such a strategy may be fully aware and accepting of its risks. But I worry that others believe a yield around 10% is a reasonable and sustainable target for a conservative retirement portfolio.

In my view, you can't get close to a 10% yield without taking substantial risk in terms of long-term dividend safety, use of leverage (commonly employed by closed-end funds), sector diversification, and high portfolio turnover. But as they say, don't sell the steak, sell the sizzle.

Many of the investments needed to achieve such a high yield are one misstep away from trouble. I've yet to encounter a single common stock that yields close to 10%, has a well-covered dividend, maintains a healthy balance sheet, and does not face secular headwinds of some sort.

Even pass-through stocks such as REITs, MLPs, and BDCs rarely yield close to 10% if they are in reasonably good health. These businesses can also get hit hardest during recessions due to their higher payout ratios (less margin for error if cash flow declines) and greater dependency on capital markets to fund their capital-intensive businesses.

In fact, from May 2008 through March 2009, approximately 30% of all REITs suspended, cut, or switched to paying part of their dividend in company stock, according to the Wall Street Journal. Numerous distribution cuts have rippled through the MLP industry in recent years following the oil crash and tax reform, and most BDCs went public after the financial crisis, so their cyclical business models (focused on lending) have yet to be stress-tested.

Preferred stocks are safer than common stocks given their more bond-like nature, but the pool of options here is limited since fewer companies use this form of financing. Most preferred dividends paid by reputable companies also only yield between 5% and 6% and can potentially be called at some point in the future, potentially reducing their return depending on the price you paid. The story is similar for baby bonds.

In the closed-end fund space, it's true that dozens of securities yield between 10% and 20%. However, many of these funds use leverage to juice the returns of their investments. The Gabelli Equity Trust (GAB), which boasts a solid long-term performance track record, is one example.

The fund has issued several preferred stocks and notes in its factsheet that this use of leverage "magnifies both the favorable and unfavorable effects of price movements in the investments made by the Fund. The Fund's use of leverage in its investment operations subjects it to substantial risk of loss."

Distributions paid by closed-end funds can be sensitive to movements in the stock market, too. For example, the Gabelli Equity Trust's distribution policy is to pay out 10% of its average net assets each year. If the market crashes 30%, reducing its net asset value, the distribution is almost certainly going to be reduced. Sure enough, Gabelli Equity Trust's dividend fell from 80 cents per share in 2008 to 51 cents in 2010 during the financial crisis, representing a 36% drop.

Across the universe of common stocks, preferred stocks, and closed-end funds, there is no free lunch for super high yields. I'm reminded of Mark Twain's remark that "a man who carries a cat by the tail learns something he can learn in no other way."

The same can likely be said for someone who owns a retirement portfolio that leans heavily on more speculative income securities over a full economic cycle. Market conditions have helped prop up such an approach in recent years thanks to the world's easy money policies and investors' hunger for yield. However, I don't suspect those conditions will persist forever. At some point in time, income pretenders will be separated from the contenders.

That's not to say some folks can't allocate part of their portfolio to these more speculative income securities if they understand the real risks involved, but they absolutely need to keep their eyes open. Trying to pick securities with sustainable yields near 10% can be a dangerous game with a wide range of potential outcomes. Sure, some of these investments will bounce back, but the consequences can be dire for those that don't make it, and there will be many.

Earlier this week, for example, GameStop (GME) finally eliminated its dividend, which it had paid since 2013. The stock's price had fallen from $47 per share in late 2015 to $7.50 last week, pushing its yield well above 10%. However, the business was generating free cash flow which covered the dividend, and its balance sheet wasn't terrible. It didn't matter. The stock fell more than 30% on the news, and that's lost capital I don't suspect investors will ever get back. (GameStop had an *Unsafe* or *Very Unsafe* Dividend Safety Score for more than two years.)

Everything we do across our portfolios, website, and Dividend Safety Score system focuses on helping us all maintain sustainable retirement portfolios that can weather any storm. In today's market environment, I believe you can realistically achieve a safe 4% to 5% yield with growing dividends, more resilient performance during bear markets, and very minimal turnover (our three portfolios have each averaged less than two trades per year).

We aren't trying to outsmart ourselves or the market by making macro calls, rotating across different sectors, or trading in and out of super high-yield stocks. You don't need to engage in any of those speculative activities to be a successful income investor, but they can certainly make retirement more stressful.

We do our best to maintain a straightforward and realistic approach to long-term dividend investing for retirement. When you focus on quality and stay diversified, you don't need to worry about companies like GameStop disrupting your portfolio (they wouldn't have made the cut). You don't need to scrutinize every single earnings report or feel a need to reshuffle your portfolio frequently.

With that said, our focus on high quality dividend stocks that we hope to hold forever will never be perfect. Last month I attended Berkshire Hathaway's annual meeting and a brunch hosted by Markel (MKL) in Omaha. A theme across both events was the idea that no business will last forever.

Warren Buffett and Charlie Munger recalled that many companies they started with in their portfolio are gone now, and certainly some of the "good" businesses they currently own will eventually be destroyed. Berkshire Hathaway's historic roots are a great example. The textile manufacturer went from generating over $120 million in 1955 to being completely out of business 30 years later. Buffett has called it the biggest investment mistake he ever made.

The key, they said, is to welcome change and adapt. I think that's true for both businesses and investors. A company with a yield near 10% likely has little margin for safety and even less cash flow available after paying dividends (a very high payout ratio). As the world changes, such a business has less financial flexibility to make the investments it needs to stay relevant, since the dividend can serve as a heavy anchor.

JPMorgan Chase's CEO Jamie Dimon had a good comment on this issue late last year at a conference. He said, "Every seven years, don't increase it." When a company has raised its dividend for 35 straight years, Dimon said "you don't want to be the CEO who doesn't do it in the 36th year. I've seen company after company get crippled over this."

As investors, we have to be ready to change and adapt with our portfolios, too. I personally plan to hold all of our stocks forever, so long as their dividends remain safe and their long-term outlooks appear intact. Our Dividend Safety Scores make it easy to continuously monitor how safe a company's payout appears, and dividend risk profiles don't change often. As always, we will continue working hard on this front to keep the most timely and relevant information in front of you. We want to deliver the best steak, not the sizzle.

Portfolio Performance

While the S&P 500 fell 6.4% in May, our Top 20 Dividend Stocks portfolio was only down 3.4% and our Conservative Retirees portfolio fell just 2.8%. Our focus on higher quality, more defensive businesses serves us especially well during downturns. However, 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 11.3% to 12.9%, 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 May, 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 5/31/2019	
				Annualized	
	Inception Date	**May 2019**	**YTD**	**1 Year**	**Since Inception**
Top 20 Dividend Stocks Portfolio	**6/12/2015**	**-3.44%**	**10.73%**	**9.33%**	**12.88%**
S&P 500 Index (SPY)		-6.38%	10.56%	3.52%	9.19%
Schwab U.S. Dividend Equity ETF (SCHD)		-7.60%	6.88%	4.15%	9.17%
Conservative Retirees Portfolio	**6/17/2015**	**-2.83%**	**11.31%**	**14.89%**	**11.31%**
S&P 500 Index (SPY)		-6.38%	10.56%	3.52%	9.15%
S&P 500 High Dividend Low Volatility ETF (SPHD)		-6.12%	6.24%	3.36%	9.54%
Long-term Dividend Growth Portfolio	**6/9/2015**	**-6.37%**	**7.25%**	**1.47%**	**12.19%**
S&P 500 Index (SPY)		-6.38%	10.56%	3.52%	9.38%
Vanguard Dividend Appreciation ETF (VIG)		-4.63%	11.23%	8.67%	10.35%

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 16% and 24%, 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	2.98%	2.72%	3.79%
S&P 500	3.56%	3.57%	3.55%
% Difference	-16.29%	-23.81%	6.76%

Dividend Events

Lowe's (+15%), **Paychex** (+11%), **Chubb** (+2.7%), and **American Tower** (+2.2%) announced new dividend increases during the last month. Since inception in June 2015, we have recorded 291 total dividend increases across our three portfolios and avoided dividend cuts.

	Dividend Events Since Inception		
	Top 20	**Retirees**	**Growth**
Increases	84	108	99
Cuts	0	0	0
Trailing 12 Month Dividend Growth	3.3%	10.0%	12.0%

Portfolio Actions

No trades were made in May, and none are planned for June. However, please note that **PPL Corp** (PPL), a regulated utility company held in our Conservative Retirees portfolio, remains under review for potential sale in the coming months (learn more in our 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

Due to the market's continued strength, few of our holdings trade at compelling valuations today. However, a handful of companies from each portfolio below appear to offer interesting valuation and fundamental timeliness. These are stocks we hold that investors can review as potential buying opportunities.

If you decide to mirror a portfolio, our recommendation would be to invest equally across all holdings. This provides immediate diversification. Some holdings may appear undervalued or overvalued, but overall we expect the portfolio to continue performing in line with its objectives.

Top 20 Dividend Stocks	**Dividend Safety Score**	**Forward P/E**	**Dividend Yield**	**5-Yr Annual Div Growth Rate**
Omnicom (OMC)	89	13.1	3.31%	13%
C.H. Robinson (CHRW)	90	15.8	2.51%	4%

Conservative Retirees	**Dividend Safety Score**	**Forward P/E**	**Dividend Yield**	**5-Yr Annual Div Growth Rate**
ExxonMobil (XOM)	86	15.6	4.68%	6%
AT&T (T)	55	8.9	6.36%	2%
United Parcel Service (UPS)	66	12.8	3.92%	8%
Pfizer (PFE)	79	15.0	3.37%	4%

LT Dividend Growth	**Dividend Safety Score**	**Forward P/E**	**Dividend Yield**	**5-Yr Annual Div Growth Rate**
A.O. Smith (AOS)	99	15.4	2.04%	26%
Lowe's (LOW)	95	16.4	2.29%	21%
C.H. Robinson (CHRW)	90	15.8	2.51%	4%

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:	2.8%
Fwd P/E Ratio:	16.8
Beta:	0.75
Dividend Safety:	84
Dividend Growth:	55
1-yr Sales Growth:	4.0%
1-yr EPS Growth:	5.0%

Performance Update

5/31/19	May	All
Portfolio	-3.4%	61.8%
S&P 500	-6.4%	41.8%
SCHD	-7.6%	41.7%

Dividend Increases:	84
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 lost 3.4% in May, while the S&P 500 and Schwab's Dividend ETF (SCHD) fell 6.4% and 7.6%, respectively.

Since inception in June 2015 the portfolio has returned 61.8% and remains ahead of the S&P 500 (41.8%) and Schwab's Dividend ETF (41.7%). During this time, the portfolio's monthly returns have also recorded about 16% less volatility than the market's.

Our top stocks in May were **American Tower** (+7%), **Broadridge Financial** (+6%), and **Consolidated Edison** (+1%).

American Tower reported solid earnings on May 3. Revenue increased 4.1%, U.S. organic tenant billings growth exceeded 8%, and management raised the dividend by 2.2% (targets 20% annual growth). Skepticism over a potential Sprint-T-Mobile merger gaining approval, which could give carriers more negotiating power with tower leases and reduce demand in some areas, also helped American Tower's performance.

Broadridge reported earnings on May 7. Total revenues grew 14%, adjusted operating margin rose from 14.2% to 20.9%, and adjusted EPS grew 59%. The firm remains on track to hit its three-year targets laid out at its 2017 investor day, and management raised full-year closed sales guidance, reflecting the momentum Broadridge has across its sales pipeline.

Our weakest stocks in May were **3M** (-15%), **Emerson Electric** (-14%), and **General Motors** (-14%).

3M remained weak following its disappointing earnings report on April 25 and the market's growing concerns about slowing economic growth. On May 10 I posted a note reviewing 3M's slump and turnaround efforts. I plan to continue holding the stock and giving management time to improve the firm's performance. It could take some time for 3M to restore its credibility with investors, so I'm not in a rush to add to the stock, unless the market were to experience a large decline that pulled 3M down with it.

Emerson Electric reported earnings on May 7. Organic sales grew 4% and free cash flow rose 3%, but the firm slightly reduced full-year organic sales growth guidance to 4% to 5.5%. Management cited slower demand for commercial and residential products in Asia, sluggish manufacturing end markets, and weakness in upstream oil and gas markets in North America. The industrial firm's diverse business makes it sensitive to short-term shifts in its various markets, but Emerson's long-term outlook appears intact.

General Motors found itself thrust into the crosshairs of the growing trade spats the U.S. has with China and Mexico. We reviewed these developments in a May 31 note and don't believe they affect GM's dividend safety or long-term outlook.

Dividend Events
Two of our holdings announced dividend increases during the last month. Our portfolio has recorded 84 dividend increases since inception in June 2015 and has not experienced any dividend cuts.

Chubb announced its 26th consecutive annual dividend increase, raising its payout by 2.7%.

American Tower lifted its dividend by 2.2%. The wireless infrastructure REIT has raised its payout each year since it started paying dividends in 2011 and targets 20% annual growth.

Stocks to Consider Buying
Most of our holdings have rallied along with the broader market this year, reducing the number of stocks with appealing valuations and timely fundamentals. The stocks that look the most interesting to me today are: Omnicom (OMC) and C.H. Robinson (CHRW).

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: 89 5-Year Dividend Growth Rate: 13% per year Dividend Yield: 3.31%

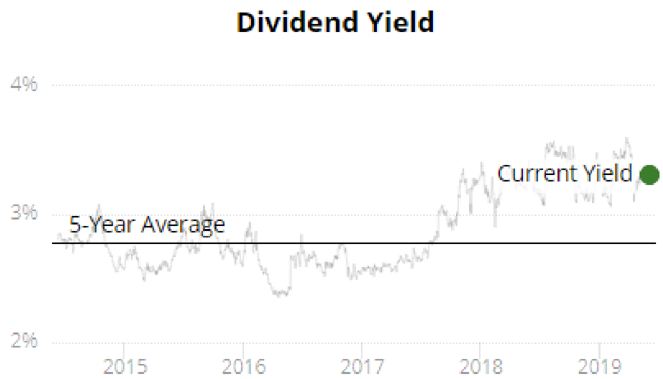
Omnicom has paid uninterrupted dividends since its founding in 1986 and boosted its dividend each year since 2010. Management announced an 8.3% dividend increase in February 2019, and the dividend has plenty of room for continued growth given Omnicom's 45% payout ratio, healthy balance sheet, and consistent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

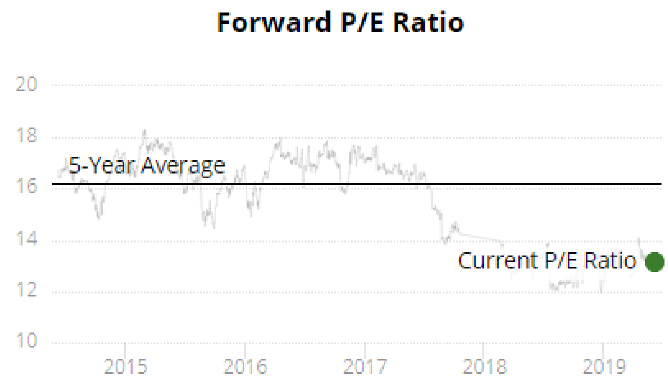
Recent News
No update from last month. Omnicom reported earnings on April 16 that beat expectations. The firm's organic revenue grew at a healthy pace of 2.5% (including continued positive growth of 2% in its core U.S. market), and margins expanded 80 basis points. The company is performing well, fueled in large part by solid net new business gains recorded last year.

Despite continued company-wide growth, investors have remained skeptical of 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, Amazon, Accenture, 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 solid results and appears to be trading at an attractive valuation with safe dividend. I plan to continue holding the stock for the long term.

Valuation
OMC's forward P/E ratio was 13.1 and its dividend yield was 3.31% as of 6/6/19.





C.H. Robinson (CHRW): Founded in 1905, C.H. Robinson has been in business for nearly 120 years and is one of the biggest third party logistics companies in the world. The business essentially acts as a middleman in the transportation industry, helping connect companies that need to ship goods with cost-effective transportation providers that have capacity available via trucks, railroads, airlines, and ships. C.H. Robinson doesn't own any hard transportation assets and is a service company that creates transportation and supply chain advantages for its customers.

The company has over 120,000 customers and maintains relationships with more than 75,000 carriers and suppliers, who it purchases shipping capacity from on behalf of its customers. Key end markets include manufacturing, food and beverage, chemical, retail, automotive, paper, and electronics. Trucking generates close to 70% of the company's overall revenue, with the remainder from air and ocean freight forwarding, intermodal, and produce sourcing operations.

Competitive Advantages
Many of C.H. Robinson's advantages come from its scale – the company generates more revenue than top rivals TQL, XPO Logistics, and Echo combined. If you were a retailer that needed to cost-effectively ship goods across the country, you would want to use a broker that had access to the greatest number of shipping routes and carriers. If you were a transportation company, you would want to work with a broker that had access to the greatest number of potential customers in need of your shipping services.

Connecting a global supply chain with hundreds of thousands of participants and even more variables is very difficult, but C.H. Robinson has the necessary relationships, technology, and employees to get the job done efficiently for customers. With less than 3% share of the overall market in each of the areas it competes in, the company appears to have a solid runway for long-term growth as it consolidates the market. Our full investment thesis on C.H. Robinson can be seen here.

Dividend Review
Dividend Safety Score: 90 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 2.51%

C.H. Robinson's dividend looks very safe. The company has raised its dividend each year since becoming a publicly-traded company in 1997. Its current payout ratio sits near 40%, and this is an especially healthy level because the company's cost structure is mostly variable (it owns few hard assets).

For example, C.H. Robinson grew its earnings during the financial crisis and continued generating strong free cash flow despite a 12% drop in revenue. The business has consistently earned a high return on invested capital near 30% and maintains a very healthy balance sheet as well.

C.H. Robinson's dividend has increased by 19% per year over the last two decades, although growth has slowed in recent years. With the company's payout ratio sitting near its target level (40-45%), future dividend growth will likely follow earnings growth, which is expected to remain near 10% annually.

Recent News

No update from last month. C.H. Robinson reported solid earnings on April 30. Net revenues increased 8.4%, operating margin improved 250 basis points to 33.1%, operating income grew 17.2%, and cash flow from operations rose 28.1%. Management continues to expect market share gains in 2019 and beyond while improving margins and recording double-digit EPS growth over the long term.

However, C.H. Robinson shares fell nearly 8% in late April following a report that Amazon launched a truck brokerage platform with prices that significantly undercut the market. However, Amazon later told the industry trade publication which published the report that it is not undercutting market prices.

Either way, investors worried that Amazon might be willing to do business for little to no profit in this space as it builds out its own logistics network to enable future capabilities like one-day delivery for Prime members.

I believe this is more noise than news, for several reasons. First the markets C.H. Robinson competes in are extremely large and fragmented. Despite being the largest freight broker in North America, the company is no more than 3% of the overall market in any one of the spaces it competes in (truckload, ocean, air, less than truckload, etc.).

The U.S. third-party logistics brokerage market is also forecast to grow 10% annually between 2018 and 2022. While C.H. Robinson delivers an average of over three services to each of its top 500 clients, the business appears to have plenty of opportunities to continue expanding its services and market share, almost across the board.

Finally, the company's lengthy track record means it deserves some benefit of the doubt. The company's COO Bob Biesterfeld made the following remarks on Robinson's April 30th earnings call:

"If I look back over the past 20 years of my tenure here at Robinson, we have really seen several instances of disruption in our competitive landscape. And really with each instance of disruption in our history, the bear case on Robinson has always been that these new entrants, who are going to disintermediate our model and drive margins down or to zero.

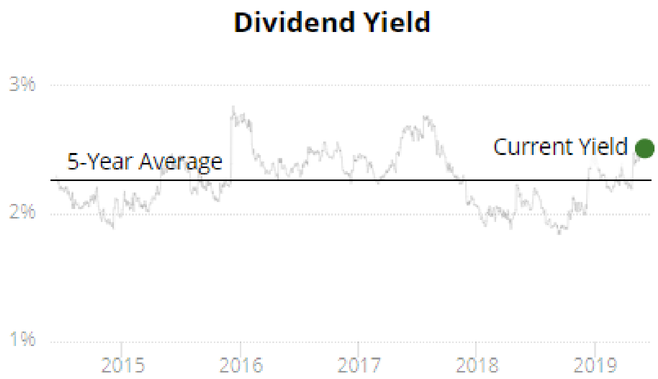
And so through each of these phases we have stayed true to one of our core values, which is evolving constantly and managing our business for long-term value creation.

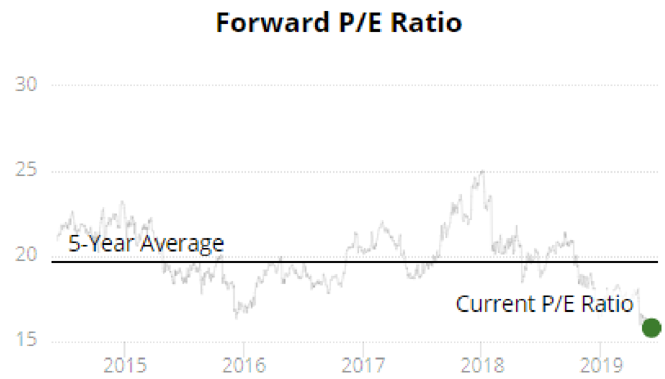
But in the early 2000s, it was the advent of the Internet. The arrival of the load board that was going to bring price and cost transparency and disintermediate brokerage. In the mid 2000s, we had upstart 3PLs actively pricing freight below market rates in order to take share with large shippers, either in order to sell or to go public.

We have seen roll-up strategies launched, fueled by a near zero cost of capital targeted directly at disintermediating Robinson. And recently, we have got numerous of these tech start or tech first brokerages promising low or no margins, reducing friction and improving efficiency. And these have really been high on the hype curve as we have seen, again fueled by what seems to be an endless source of private equity.

But through this whole long range cycle what Robinson has done is maintain our margins relatively consistent. We have increased our share of the market. We have diversified our business and we have increased our return to shareholders."

Valuation
CHRW's forward P/E ratio was 15.8 and its dividend yield was 2.51% as of 6/6/19.





Stocks to Consider Selling
None.

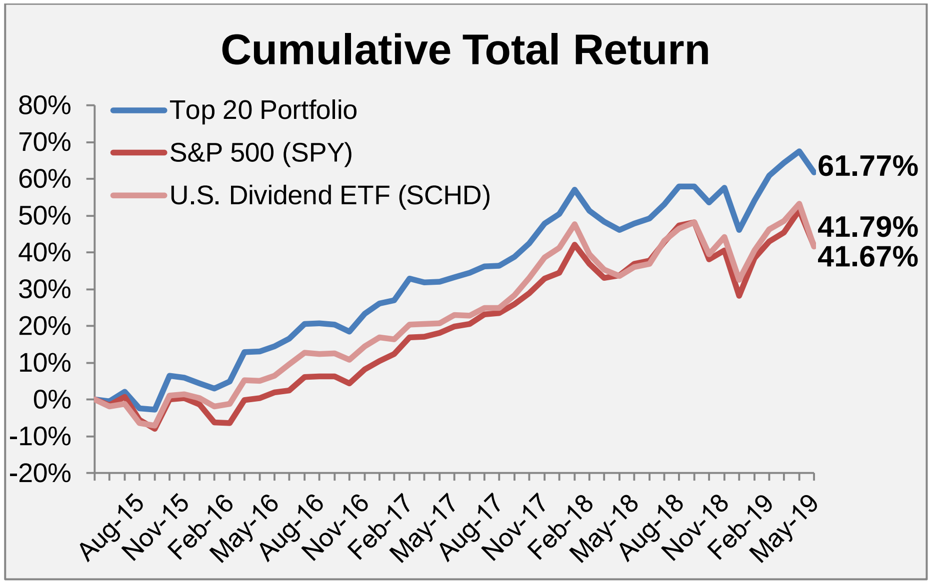
Top 20 Dividend Stocks – Portfolio Actions

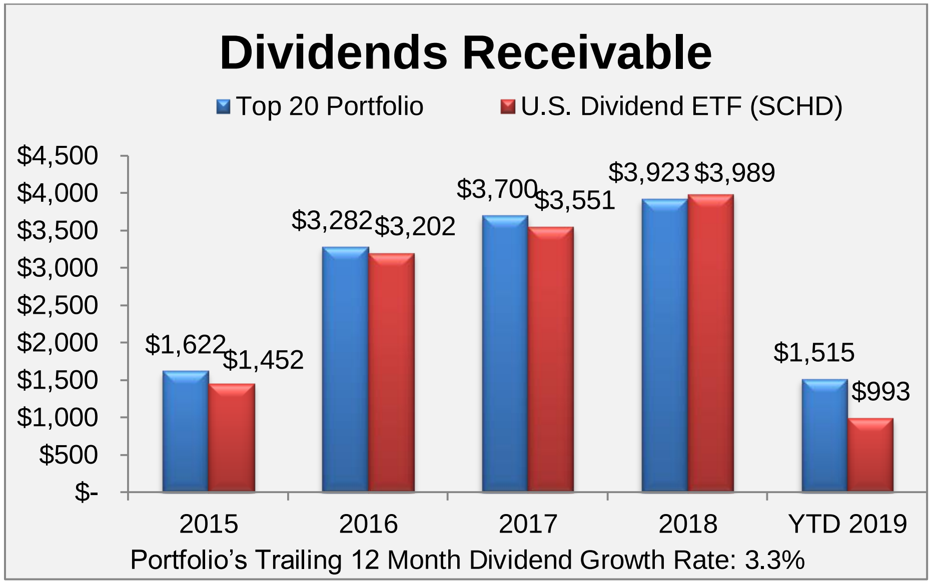
Data as of 6/6/19

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														
OMC	Omnicom Group	13.1	3.31%	89	Low	06-24-15	70	3.3%	$70.94	$78.53	$5,497.10	22.6%	43.8%	-21.2%
CHRW	C.H. Robinson Worldwide	15.8	2.51%	90	Low	09-06-16	88	4.2%	$70.58	$79.56	$7,001.28	20.5%	36.2%	-15.7%
Long-term Holds														
VZ	Verizon Communications	12.1	4.19%	84	Very Low	06-30-15	107	3.7%	$46.61	$57.54	$6,156.78	43.4%	47.1%	-3.7%
AMT	American Tower Corporation (REIT	26.9	1.73%	74	Very Low	04-03-17	55	7.0%	$120.49	$212.70	$11,698.50	81.1%	25.3%	55.8%
PEP	PepsiCo	23.5	2.89%	94	Low	07-10-15	52	4.1%	$95.55	$131.98	$6,862.96	51.7%	45.9%	5.8%
ACN	Accenture plc	24.2	1.62%	92	High	07-06-15	52	5.6%	$97.31	$180.40	$9,380.80	95.8%	46.4%	49.4%
MMM	3M Company	17.3	3.50%	86	Average	07-24-15	34	3.4%	$149.33	$164.72	$5,600.48	23.4%	45.5%	-22.2%
WFC	Wells Fargo & Company	9.7	3.92%	69	Average	02-29-16	105	2.9%	$46.92	$45.92	$4,821.60	9.0%	55.2%	-46.2%
GM	General Motors Company	5.3	4.32%	64	High	07-21-15	164	3.5%	$30.39	$35.19	$5,771.16	35.7%	43.0%	-7.3%
KMB	Kimberly-Clark Corporation	19.8	3.08%	86	Low	11-07-16	55	4.4%	$113.34	$133.58	$7,346.90	26.7%	39.5%	-12.7%
D	Dominion Energy	18.0	4.81%	75	Very Low	11-07-17	61	2.8%	$80.63	$76.35	$4,657.35	1.1%	13.1%	-12.0%
BA	Boeing Company	21.0	2.34%	99	High	07-10-15	22	4.6%	$144.48	$350.64	$7,714.08	158.5%	45.9%	112.6%
CMI	Cummins	10.2	2.84%	96	High	07-09-15	39	3.8%	$127.77	$160.77	$6,270.03	39.0%	47.7%	-8.7%
EMR	Emerson Electric Co.	16.7	3.13%	82	High	08-04-15	100	3.8%	$49.62	$62.65	$6,265.00	41.7%	44.6%	-2.9%
CSCO	Cisco Systems	16.6	2.54%	89	High	06-06-16	214	7.1%	$29.15	$55.10	$11,791.40	101.8%	41.7%	60.1%
CB	Chubb Limited	13.7	2.02%	94	Average	06-26-15	48	4.3%	$103.47	$148.66	$7,135.68	54.5%	44.3%	10.2%
ADP	Automatic Data Processing	27.9	1.92%	96	Average	06-29-15	61	6.0%	$80.91	$164.30	$10,022.30	114.3%	47.4%	67.0%
BR	Broadridge Financial Solutions	25.7	1.51%	75	Average	06-22-15	95	7.3%	$52.65	$128.32	$12,190.40	154.0%	42.9%	111.2%
MO	Altria Group	11.8	6.31%	65	Low	07-15-15	99	3.0%	$51.23	$50.75	$5,024.25	18.2%	43.7%	-25.5%
ED	Consolidated Edison	20.4	3.31%	92	Very Low	07-02-15	84	4.5%	$59.14	$89.50	$7,518.00	70.1%	46.0%	24.0%
Cash (Includes Dividends Receivable)								10.4%			$17,355.03			
Portfolio Total		**16.8**	**2.82%**	**84**	**Low**			**69%**			**$166,081**	**66.1%**	**51.5%**	**14.6%**

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	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**	**Mar 2019**	**Apr 2019**	**May 2019**
Portfolio	-0.01%	-2.78%	2.54%	-7.26%	5.54%	4.37%	2.11%	1.94%	-3.44%
S&P 500	0.55%	-6.88%	1.87%	-8.81%	7.96%	3.24%	1.81%	4.07%	-6.38%
SCHD ETF	1.25%	-5.91%	3.37%	-8.11%	6.05%	4.06%	1.56%	3.21%	-7.60%
Portfolio Value	$158,033.41	$153,637.46	$157,533.59	$146,094.99	$154,195.00	$160,940.58	$164,335.96	$167,531.20	$161,767.14

Since Inception

Cumulative	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**	**Mar 2019**	**Apr 2019**	**May 2019**
Portfolio	58.03%	53.64%	57.53%	46.09%	54.19%	60.94%	64.34%	67.53%	61.77%
S&P 500	48.21%	38.09%	40.67%	28.25%	38.46%	42.95%	45.53%	51.45%	41.79%
SCHD ETF	48.30%	39.55%	44.25%	32.55%	40.57%	46.27%	48.55%	53.32%	41.67%

Annualized	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**	**Mar 2019**	**Apr 2019**	**May 2019**
Portfolio	14.88%	13.51%	13.99%	11.25%	12.63%	13.65%	13.98%	14.20%	12.88%
S&P 500	12.67%	9.99%	10.33%	7.25%	9.35%	10.09%	10.39%	11.28%	9.19%
SCHD ETF	12.69%	10.33%	11.13%	8.25%	9.80%	10.77%	10.98%	11.63%	9.17%

Top 20 Dividend Stocks – Payment Schedule

Data as of 6/6/19

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	1.6%	41%	1.46	May, Nov	Early Oct	Mid Nov	10%	10%	19%
ADP	1.9%	57%	0.79	Jan, Apr, Jul, Oct	06-13-19	07-01-19	21%	10%	9%
AMT	1.7%	41%	0.92	Jan, Apr, Jul, Oct	06-18-19	07-12-19	20%	23%	N/A
BA	2.3%	46%	2.06	Mar, Jun, Sept, Dec	Early Aug	Early Sept	20%	23%	17%
BR	1.5%	38%	0.49	Jan, Apr, Jul, Oct	06-13-19	07-03-19	33%	18%	21%
CB	2.0%	30%	0.75	Jan, Apr, Jul, Oct	06-20-19	07-12-19	3%	3%	10%
CHRW	2.5%	39%	0.50	Mar, Jun, Sept, Dec	06-06-19	06-28-19	4%	6%	8%
CMI	2.8%	30%	1.14	Mar, Jun, Sept, Dec	Late Aug	Early Sept	5%	15%	22%
CSCO	2.5%	45%	0.35	Jan, Apr, Jul, Oct	Early July	Late July	10%	14%	N/A
ED	3.3%	66%	0.74	Mar, Jun, Sept, Dec	Mid Aug	Mid Sept	3%	3%	2%
EMR	3.1%	58%	0.49	Mar, Jun, Sept, Dec	Mid Aug	Mid Sept	1%	3%	4%
D	4.8%	86%	0.92	Mar, Jun, Sept, Dec	06-06-19	06-20-19	10%	9%	8%
GM	4.3%	23%	0.38	Mar, Jun, Sept, Dec	06-06-19	06-21-19	0%	N/A	25%
KMB	3.1%	61%	1.03	Jan, Apr, Jul, Oct	06-06-19	07-02-19	3%	4%	6%
MMM	3.5%	57%	1.44	Mar, Jun, Sept, Dec	Late Aug	Mid Sept	6%	11%	11%
MO	6.3%	79%	0.80	Jan, Apr, Jul, Oct	06-13-19	07-10-19	18%	10%	6%
OMC	3.3%	42%	0.65	Jan, Apr, Jul, Oct	06-13-19	07-12-19	8%	6%	16%
PEP	2.9%	66%	0.96	Mar, Jun, Sept, Dec	06-06-19	06-28-19	13%	10%	8%
VZ	4.2%	77%	0.60	Feb, May, Aug, Nov	Mid July	Early Aug	2%	3%	3%
WFC	3.9%	38%	0.45	Mar, Jun, Sept, Dec	Early Aug	Early Sept	10%	6%	14%
Average	2.8%	51%					10%	9%	12%

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:	3.3%
Fwd P/E Ratio:	17.8
Beta:	0.63
Dividend Safety:	80
Dividend Growth:	36
1-yr Sales Growth:	4.6%
1-yr EPS Growth:	8.0%

Performance Update

5/31/19	May	All
Portfolio	-2.8%	52.8%
S&P 500	-6.4%	41.4%
SPHD	-6.1%	43.6%

Dividend Increases:	108
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

The conservative nature of our portfolio shone through in May. While the S&P 500 and the S&P 500 High Dividend Low Volatility ETF each lost more than 6%, our portfolio was only down 2.8%.

Since inception in June 2015, our portfolio has returned 52.8%, outperforming the S&P 500 (41.4%) and our ETF benchmark (43.6%). Importantly, our return has been delivered while recording 24% 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 May were **Public Storage** (+8%) and **W.P. Carey** (+5%).

Public Storage reported earnings on May 1. Same-store revenue grew 1.5%, and core FFO per share rose 2%. Despite growing storage supply, PSA has continued to hold its ground in terms of occupancy and rent growth. Management hopes industry supply growth will start shifting down in 2020. Besides decent earnings, PSA's solid May performance was also helped by the broader strength in bond-like stocks, which were bid up as investors looked for safe havens.

W.P. Carey also benefited from the market's rotation into bond-like stocks, as falling interest rates made many higher-yielding, defensive stocks look more attractive. On May 3 the REIT reported earnings in line with management's projections. WPC remains a long-term hold.

Our worst performing stocks in May were **Emerson Electric** (-14%), **General Motors** (-14%), and **Intel** (-13%).

Emerson Electric reported earnings on May 7. Organic sales grew 4% and free cash flow rose 3%, but the firm slightly reduced full-year organic sales growth guidance to 4% to 5.5%. Management cited slower demand for commercial and residential products in Asia, sluggish manufacturing end markets, and weakness in upstream oil and gas markets in North America. The industrial firm's diverse business makes it sensitive to short-term shifts in its various markets, but Emerson's long-term outlook appears intact.

General Motors found itself thrust into the crosshairs of the growing trade spats the U.S. has with China and Mexico. We reviewed these developments in a May 31 note and don't believe they affect GM's dividend safety or long-term outlook.

Intel remained weak after reporting earnings on April 25. A "dramatic slowdown" in China and softer demand from cloud-computing firms caused management to slightly lower 2019 guidance, and rival AMD could be taking some share in data center and PC markets. These seem like cyclical issues that will eventually fade. Intel remains a long-term hold.

Dividend Events
One of our holdings increased its dividend during the last month. Our portfolio has recorded 108 dividend increases since inception in June 2015 and has not experienced any dividend cuts.

Paychex raised its dividend by 11%. The firm has increased its dividend each year since 2012 and paid uninterrupted dividends for more than 25 years.

Stocks to Consider Buying
Most of our holdings have rallied along with the broader market this year, reducing the number of stocks with appealing valuations and timely fundamentals. Four holdings look interesting to me today: ExxonMobil (XOM), AT&T (T), United Parcel Service (UPS), and Pfizer (PFE).

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.

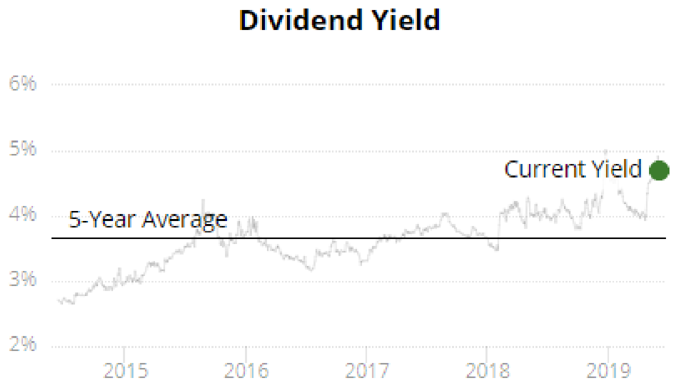
Competitive Advantages
Exxon Mobil's greatest strengths are its scale, diversification, and conservative management team. If Exxon were its own nation, its total liquids production would have made it one of the world's 10 largest oil producers. Such scale helps Exxon achieve lower costs, which is essential 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.

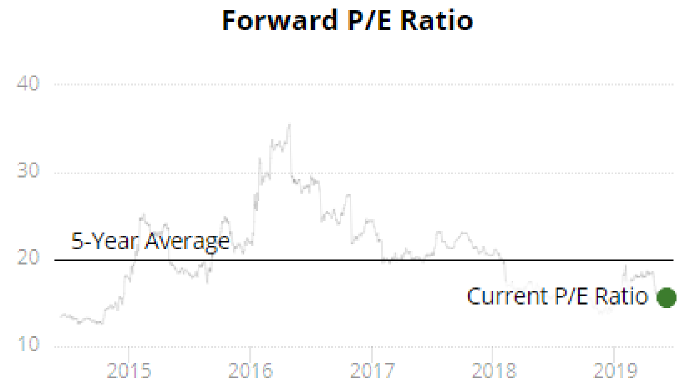
Dividend Review
Dividend Safety Score: 86 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 4.68%

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 and stabilizing somewhat, the company announced a 6.1% dividend increase in April 2019. 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 April 26 and raised its dividend by 6.1%. Oil-equivalent production grew 5% as management invested heavily in the U.S. Permian basin. However, earnings fell due to challenging downstream and chemical margin environments. Overall, not much has changed. 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 15.6 and its dividend yield was 4.68% as of 6/6/19. 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 $150 billion between 2012 and 2018 on maintaining, upgrading, and expanding its networks, including over $20 billion in 2018 (about 13% 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: 6.36%

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 last reported earnings on April 24, which caused its stock to fall over 3%. While cash flow from operations increased 24% and the company's de-leveraging and free cash flow generation goals remain on track, investors were once again disappointed by the performance of AT&T's pay-TV business.

The company registered a net loss of 544,000 TV customers, and its streaming service DirecTV Now also lost 83,000 customers (better than the 267,000 loss last quarter). For context, AT&T has 23.9 million pay-TV customers (down around 5% from 2017). In fairness to AT&T, its loss of streaming users was driven by the firm's decision to reduce discounting and improve profitability.

Management expects declines to continue but hopes losses should lessen moving into 2020. By raising prices on DirecTV Now and taking out costs, AT&T's segment which houses its struggling DirecTV business actually grew its operating profit by about 5%. WarnerMedia and the firm's wireless business also performed well, but investors understandably remain anxious about the evolving TV landscape.

As we've said before, it remains 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.

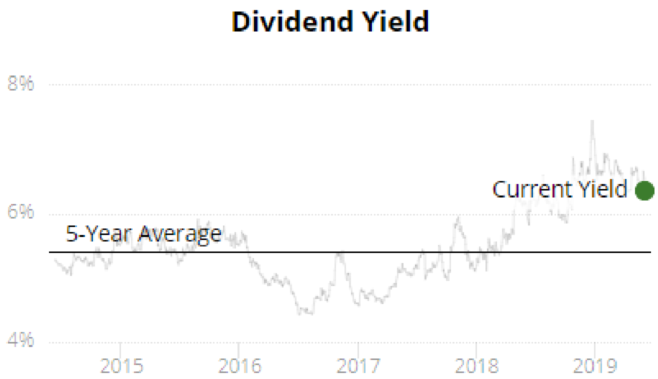
The good news is that AT&T's business has become increasingly diversified, so as long as its core wireless business and Time Warner remain solid and growing, and subscriber losses don't accelerate (the company hopes to stabilize EBITDA in its TV business), I don't see this as an issue that will jeopardize 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.

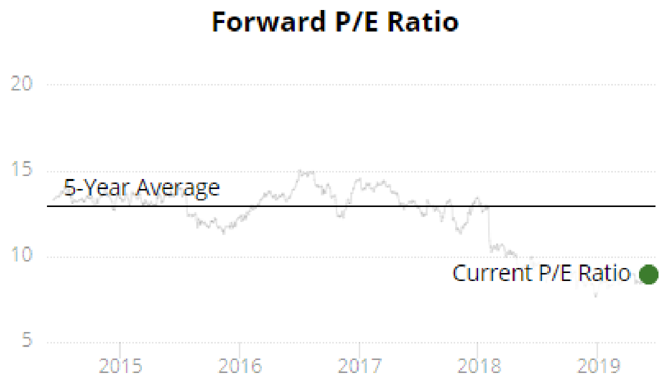
Based on the information we know today, AT&T's deleveraging plans appear to remain on track and unlikely to threaten its dividend for the foreseeable future. Management still plans to get AT&T's net debt to EBITDA ratio down to about 2.5 times by the end of 2019, and back to historical levels by year-end 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 8.9 and its dividend yield was 6.36% as of 6/6/19.





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: 66 5-Year Dividend Growth Rate: 8% Dividend Yield: 3.64%

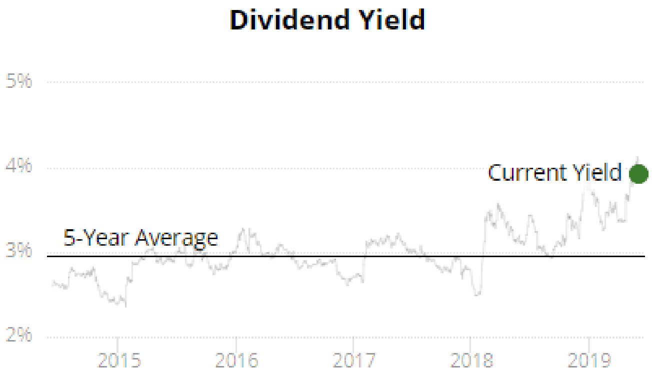
UPS has a long history of rewarding shareowners with generous cash dividends. The company has paid a cash dividend every year since 1969 and has more than quadrupled its dividend since it went public at the end of 1999. With a payout ratio near 50%, consistent cash flow generation, and a strong investment grade credit rating, the company's dividend remains on solid ground. Management last boosted the payout by 5.5% in February 2019.

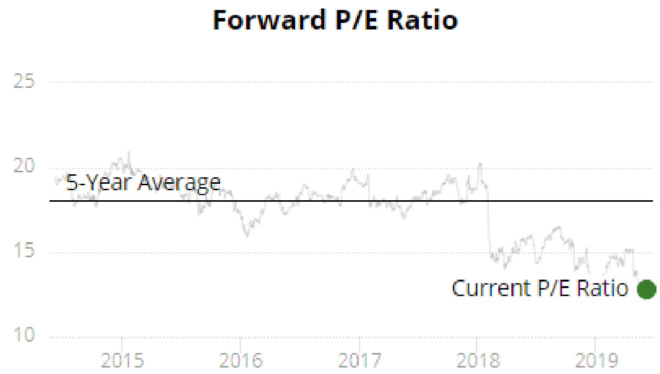
Recent News

No update from last month. UPS last reported earnings on April 25. While management reaffirmed 2019 adjusted EPS guidance, investors were disappointed by the company's profit decline driven by disruptive winter weather. The company continues spending billions of dollars to improve and expand its delivery network, which should position UPS well for growing demand in the future. 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 12.8 and its dividend yield was 3.92% as of 6/6/19.





<u>Pfizer (PFE):</u> Founded in 1849, Pfizer is one of the world's largest drug makers, with medications sold in over 125 countries. The company's portfolio of products includes mainly medicines and vaccines, as well as some consumer healthcare products. Pfizer has made a number of major acquisitions in recent years to further expand its drug portfolio and pipeline, acquiring Medivation ($13.9 billion – oncology), Anacor ($4.5 billion – skin inflammation), and Hospira ($15.7 billion – biosimilars and injectables) in 2016, 2016, and 2015, respectively.

Today patented medicines account for 56% of sales, with no drug accounting for more than 11% of company-wide revenue. Legacy medications that have lost patent protection account for 37% of revenue, and over-the-counter consumer healthcare products, such as Advil and Centrum, account for the remainder. However, Pfizer plans to merge this business with with GlaxoSmithKline's consumer healthcare division in the second half of 2019.

<u>Competitive Advantages</u>
While it is very expensive to research, develop, and ultimately commercialize a new drug, pharma companies can enjoy years of monopoly-like profits, recession-resistant cash flow, and strong growth with a successful product launch.

However, patent expirations, strong competition from similar products, and fast growth of cheaper generic drugs makes it more difficult for these businesses to generate sustained profitable growth. Pfizer's business is less risky than most in the space thanks to its drug diversification (none greater than 11% of company-wide sales; over 15 potential blockbuster drugs in its pipeline), which reduces the importance of any single medicine.

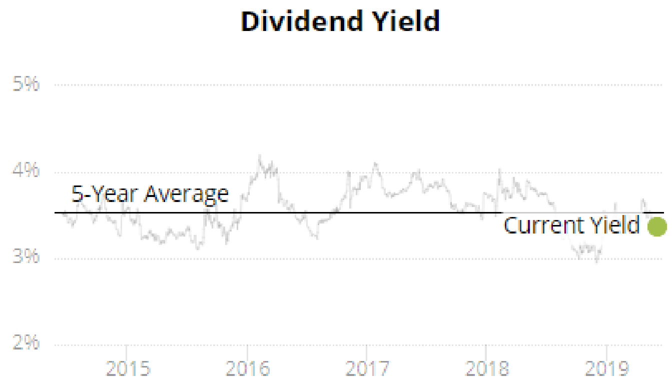
Few companies have Pfizer's enormous financial resources, technical know-how, and global distribution as well. Overall, starting in 2021 Pfizer believes it can start generating mid-single-digit sales growth and even faster earnings growth as its drug pipeline more than offsets moderating revenue losses in its legacy portfolio from expiring patents. Our full investment thesis on Pfizer can be seen here.

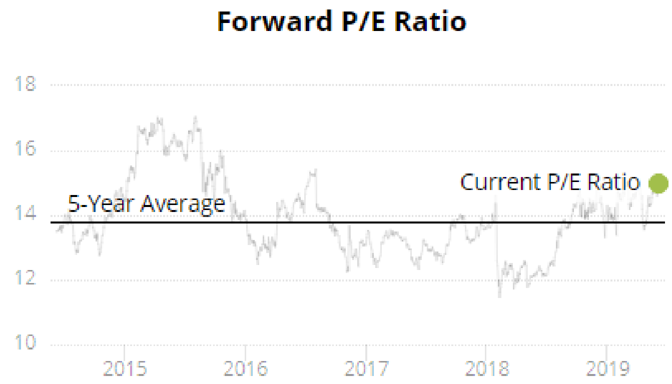
<u>Dividend Review</u>
Dividend Safety Score: 79 5-Year Dividend Growth Rate: 7% per year Dividend Yield: 3.52%

Pfizer has paid dividends for more than 30 years and has increased its dividend by 7% per year over the last five years. The company's dividend appears to be quite safe thanks to Pfizer's healthy 50% payout ratio, excellent balance sheet (AA investment-grade credit rating from S&P), and recession-resistant cash flow. While parts of the drug industry are under some political pressure to potentially reduce prices, Pfizer's dividend should remain safe given the company's diversification and financial strength. Going forward, Pfizer will likely continue increasing its dividend at a mid-single-digit rate.

Recent News
No update from last month. In April Pfizer sold off with other healthcare stocks as investors worried about the prospects of a single-payer healthcare system. However, it's too soon to read much into that risk factor. Pfizer otherwise reported good earnings on April 30 that beat expectations. The firm's drug pipeline is showing solid progress (by 2022 Pfizer hopes to get approval on 15 new drugs or indications that each have potential to generate at least $1 billion in annual sales), and management maintained full-year revenue growth guidance.

Valuation
PFE's forward P/E ratio was 15.0 and its dividend yield was 3.37% as of 6/6/19.





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.

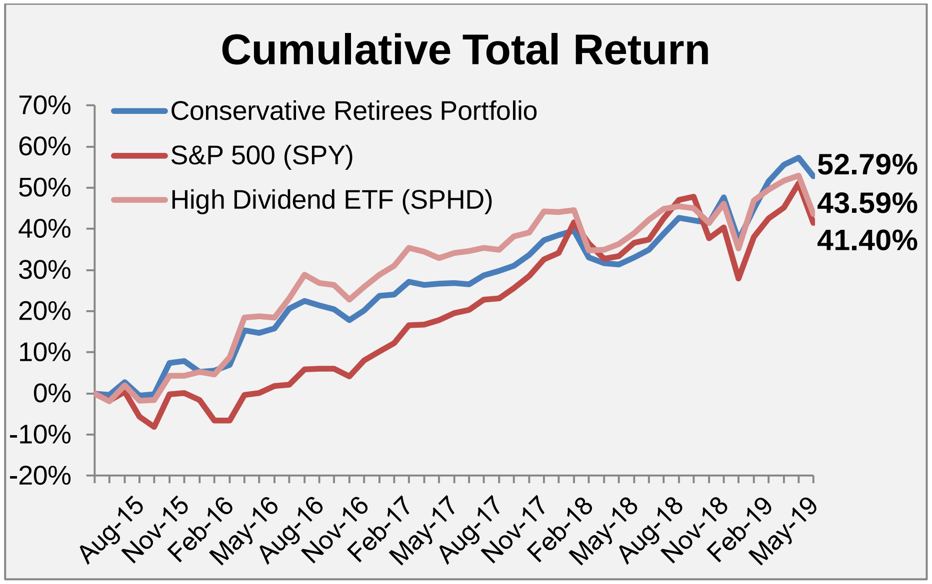
Conservative Retirees Portfolio – Portfolio Actions

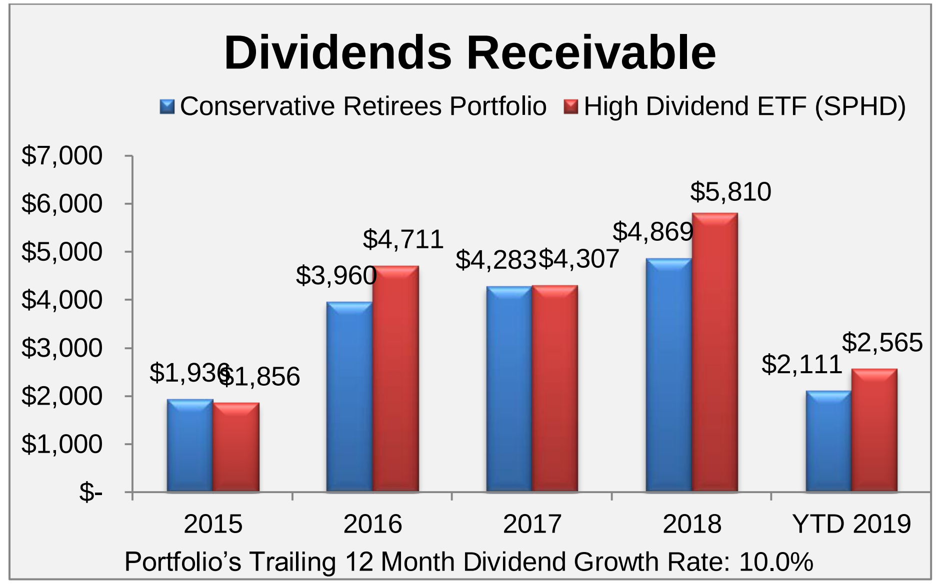
Data as of 6/6/19 **= stock under review for potential sale in the coming months**

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														
XOM	Exxon Mobil Corporation	15.6	4.68%	86	Average	07-31-15	50	2.4%	$79.29	$74.31	$3,715.50	9.5%	43.8%	-34.3%
T	AT&T	8.9	6.36%	55	Very Low	11-07-17	80	1.6%	$32.80	$32.10	$2,568.00	6.2%	13.1%	-6.9%
UPS	United Parcel Service	12.8	3.92%	66	High	03-05-18	26	1.6%	$105.01	$98.00	$2,548.00	-3.0%	7.0%	-9.9%
PFE	Pfizer	15.0	3.37%	79	Low	04-03-17	167	4.5%	$34.20	$42.71	$7,132.57	33.6%	25.3%	8.3%
Long-term Holds														
CCI	Crown Castle International	22.7	3.33%	61	Very Low	11-07-17	40	3.4%	$111.51	$135.05	$5,402.00	26.6%	13.1%	13.5%
WFC	Wells Fargo & Company	9.7	3.92%	69	Average	12-31-15	74	2.2%	$54.33	$45.92	$3,398.08	-5.2%	47.4%	-52.6%
PG	Procter & Gamble Company	22.9	2.78%	99	Very Low	07-01-15	50	3.4%	$79.72	$107.38	$5,369.00	48.5%	45.9%	2.7%
PSA	Public Storage	24.8	3.27%	91	Very Low	03-05-18	14	2.2%	$195.75	$244.72	$3,426.08	29.1%	7.0%	22.1%
GM	General Motors Company	5.3	4.32%	64	High	07-21-15	131	2.9%	$30.39	$35.19	$4,609.89	35.7%	43.0%	-7.3%
KMB	Kimberly-Clark Corporation	19.8	3.08%	86	Low	08-07-17	42	3.6%	$120.99	$133.58	$5,610.36	16.6%	18.5%	-1.9%
WPC	W. P. Carey	16.7	4.90%	71	Low	03-05-18	46	2.5%	$60.29	$84.31	$3,878.26	47.2%	7.0%	40.2%
NNN	National Retail Properties	19.2	3.67%	95	Very Low	06-26-15	111	3.8%	$35.74	$54.46	$6,045.06	73.3%	44.3%	29.0%
JNJ	Johnson & Johnson	15.5	2.78%	99	Low	06-25-15	40	3.5%	$99.12	$136.68	$5,467.20	51.4%	44.2%	7.1%
DUK	Duke Energy Corporation	17.6	4.23%	80	Very Low	03-05-18	35	1.9%	$75.83	$87.71	$3,069.85	19.1%	7.0%	12.2%
D	Dominion Energy	18.0	4.81%	75	Very Low	11-07-17	50	2.4%	$80.63	$76.35	$3,817.50	1.1%	13.1%	-12.0%
GIS	General Mills	15.8	3.82%	69	Low	06-17-15	73	2.4%	$55.25	$51.33	$3,747.09	6.7%	44.2%	-37.5%
VZ	Verizon Communications	12.1	4.19%	84	Very Low	06-30-15	85	3.1%	$46.61	$57.54	$4,890.90	43.4%	47.1%	-3.7%
WEC	WEC Energy Group	24.0	2.82%	85	Very Low	03-05-18	48	2.5%	$59.41	$83.58	$4,011.84	41.9%	7.0%	34.9%
PM	Philip Morris International	14.8	5.91%	71	Average	06-19-15	50	2.5%	$82.66	$77.20	$3,860.00	14.0%	44.1%	-30.1%
CSCO	Cisco Systems	16.6	2.54%	89	High	06-06-16	175	6.1%	$29.15	$55.10	$9,642.50	101.8%	41.7%	60.1%
AEP	American Electric Power	21.9	2.98%	82	Very Low	06-19-15	73	4.2%	$54.47	$90.00	$6,570.00	82.9%	44.1%	38.8%
MCD	McDonald's Corporation	24.7	2.29%	78	Very Low	07-07-15	41	5.3%	$96.68	$203.05	$8,325.05	126.3%	45.5%	80.7%
PPL	PPL Corporation	13.0	5.23%	75	Low	07-13-15	129	2.6%	$30.97	$31.52	$4,066.08	20.9%	44.3%	-23.5%
INTC	Intel Corporation	10.1	2.79%	95	Low	07-15-15	100	2.9%	$29.69	$45.10	$4,510.00	66.8%	43.7%	23.1%
ED	Consolidated Edison	20.4	3.31%	92	Very Low	07-02-15	67	3.8%	$59.14	$89.50	$5,996.50	70.1%	46.0%	24.0%
PAYX	Paychex	28.7	2.85%	67	Average	07-28-15	87	4.8%	$46.61	$87.09	$7,576.83	103.8%	44.6%	59.1%
WM	Waste Management	25.8	1.81%	73	Low	07-13-15	83	6.0%	$47.93	$113.57	$9,426.31	151.5%	44.3%	107.2%
SYY	Sysco Corporation	19.1	2.20%	90	Low	07-23-15	112	5.0%	$36.14	$70.95	$7,946.40	110.4%	44.0%	66.3%
EMR	Emerson Electric Co.	16.7	3.13%	82	High	08-04-15	80	3.2%	$49.62	$62.65	$5,012.00	41.7%	44.6%	-2.9%
Cash (Includes Dividends Receivable)								3.7%			$5,903.26			
Portfolio Total		**17.8**	**3.35%**	**80**	**Low**			**100%**			**$157,542**	**57.5%**	**41.4%**	**16.1%**

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





Monthly Return	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**	**Mar 2019**	**Apr 2019**	**May 2019**
Portfolio	-0.44%	-0.38%	4.31%	-7.01%	5.54%	4.62%	2.62%	1.10%	-2.83%
S&P 500	0.55%	-6.88%	1.87%	-8.81%	7.96%	3.24%	1.81%	4.07%	-6.38%
SPHD ETF	-0.34%	-2.47%	3.32%	-7.49%	8.68%	1.79%	1.49%	0.80%	-6.12%
Portfolio Value	$142,057.82	$141,515.89	$147,615.90	$137,264.95	$144,868.82	$151,555.96	$155,531.77	$157,241.87	$152,794.24

Since Inception

Cumulative	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**	**Mar 2019**	**Apr 2019**	**May 2019**
Portfolio	42.06%	41.52%	47.62%	37.26%	44.87%	51.56%	55.53%	57.24%	52.79%
S&P 500	47.80%	37.71%	40.28%	27.90%	38.08%	42.56%	45.13%	51.04%	41.40%
SPHD ETF	44.97%	41.39%	46.09%	35.15%	46.88%	49.52%	51.74%	52.95%	43.59%

Annualized	**Sep 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**	**Mar 2019**	**Apr 2019**	**May 2019**
Portfolio	11.28%	10.84%	11.92%	9.35%	10.76%	11.88%	12.38%	12.40%	11.31%
S&P 500	12.63%	9.94%	10.28%	7.19%	9.30%	10.05%	10.35%	11.24%	9.15%
SPHD ETF	11.92%	10.76%	11.54%	8.84%	11.14%	11.43%	11.61%	11.56%	9.54%

Conservative Retirees Portfolio – Payment Schedule

Data as of 6/6/19

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	3.0%	62%	0.67	Mar, Jun, Sept, Dec	Early Aug	Mid Sept	6%	5%	4%
CCI	3.3%	78%	1.13	Mar, Jun, Sept, Dec	06-13-19	06-28-19	10%	N/A	N/A
CSCO	2.5%	45%	0.35	Jan, Apr, Jul, Oct	Early July	Late July	10%	14%	N/A
ED	3.3%	66%	0.74	Mar, Jun, Sept, Dec	Mid Aug	Mid Sept	3%	3%	2%
EMR	3.1%	58%	0.49	Mar, Jun, Sept, Dec	Mid Aug	Mid Sept	1%	3%	4%
D	4.8%	86%	0.92	Mar, Jun, Sept, Dec	06-06-19	06-20-19	10%	9%	8%
GIS	3.8%	62%	0.49	Feb, May, Aug, Nov	Mid July	Early Aug	0%	5%	9%
GM	4.3%	23%	0.38	Mar, Jun, Sept, Dec	06-06-19	06-21-19	0%	N/A	25%
INTC	2.8%	26%	0.32	Mar, Jun, Sept, Dec	Early Aug	Early Sept	5%	7%	8%
JNJ	2.8%	44%	0.95	Mar, Jun, Sept, Dec	Late Aug	Mid Sept	7%	6%	7%
MCD	2.3%	55%	1.16	Mar, Jun, Sept, Dec	Late Aug	Mid Sept	9%	6%	10%
NNN	3.7%	73%	0.50	Feb, May, Aug, Nov	Late July	Mid Aug	5%	4%	3%
UPS	3.9%	52%	0.96	Mar, Jun, Sept, Dec	Mid Aug	Early Sept	5%	7%	8%
WEC	2.8%	65%	0.59	Mar, Jun, Sept, Dec	Mid Aug	Early Sept	7%	9%	13%
WPC	4.9%	77%	1.03	Jan, Apr, Jul, Oct	Late June	Mid July	2%	4%	8%
DUK	4.2%	79%	0.93	Mar, Jun, Sept, Dec	Mid Aug	Mid Sept	4%	3%	3%
PAYX	2.8%	79%	0.62	Feb, May, Aug, Nov	Mid Aug	Late Aug	12%	9%	6%
PFE	3.4%	45%	0.36	Mar, Jun, Sept, Dec	Early Aug	Early Sept	6%	7%	6%
PG	2.8%	66%	0.75	Feb, May, Aug, Nov	Mid July	Mid Aug	3%	3%	6%
PM	5.9%	88%	1.14	Jan, Apr, Jul, Oct	Late June	Mid July	6%	5%	11%
PPL	5.2%	70%	0.41	Jan, Apr, Jul, Oct	06-07-19	07-01-19	1%	2%	2%
KMB	3.1%	61%	1.03	Jan, Apr, Jul, Oct	06-06-19	07-02-19	3%	4%	6%
SYY	2.2%	44%	0.39	Jan, Apr, Jul, Oct	07-03-19	07-26-19	3%	6%	5%
T	6.4%	57%	0.51	Feb, May, Aug, Nov	Mid July	Early Aug	2%	2%	2%
PSA	3.3%	81%	2.00	Mar, Jun, Sept, Dec	06-11-19	06-27-19	0%	9%	14%
VZ	4.2%	77%	0.60	Feb, May, Aug, Nov	Mid July	Early Aug	2%	3%	3%
WFC	3.9%	38%	0.45	Mar, Jun, Sept, Dec	Early Aug	Early Sept	10%	6%	14%
WM	1.8%	45%	0.51	Mar, Jun, Sept, Dec	06-06-19	06-21-19	10%	6%	6%
XOM	4.7%	74%	0.87	Mar, Jun, Sept, Dec	Mid Aug	Mid Sept	6%	6%	8%
Average	3.3%	61%					5%	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:	1.8%
Fwd P/E Ratio:	20.4
Beta:	0.90
Dividend Safety:	85
Dividend Growth:	84
1-yr Sales Growth:	6.2%
1-yr EPS Growth:	18.0%

Performance Update

5/31/19	May	All
Portfolio	-6.4%	58.0%
S&P 500	-6.4%	42.9%
VIG ETF	-4.6%	47.8%

Dividend Increases:	99
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 lost 6.4% in May, performing in line with the S&P 500's (SPY) and trailing Vanguard's Dividend Appreciation ETF (VIG), which fell 4.6%.

Since inception in June 2015, our portfolio has returned 58.0%, outperforming the S&P 500's 42.9% 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 12% over the trailing 12 months.

Our strongest stocks during the month of May were **American Tower** (+7%), **Broadridge** (+6%), and **Medtronic** (+4%).

American Tower reported solid earnings on May 3. Revenue increased 4.1%, U.S. organic tenant billings growth exceeded 8%, and management raised the dividend by 2.2% (targets 20% annual growth). Skepticism over a potential Sprint-T-Mobile merger gaining approval, which could give carriers more negotiating power with tower leases and reduce demand in some areas, also helped American Tower's performance.

Broadridge reported earnings on May 7. Total revenues grew 14%, adjusted operating margin rose from 14.2% to 20.9%, and adjusted EPS grew 59%. The firm remains on track to hit its three-year targets laid out at its 2017 investor day, and management raised full-year closed sales guidance, reflecting the momentum Broadridge has across its sales pipeline.

Medtronic reported results on May 23. Organic revenue grew 3.6%, and adjusted EPS rose 9%. The firm's fiscal 2020 guidance calls for 4% organic sales growth and about 5% adjusted EPS growth. Medtronic remains one of the best companies in the dynamic healthcare sector.

Our worst stocks in May were **A.O. Smith** (-23%), **Thor** (-22%), and **Lowe's** (-18%).

A.O. Smith continues being hurt by its exposure to China, which accounts for over 30% of its revenue. A short seller issued a bearish report on the firm in mid-May as well, sending its shares tumbling further. We analyzed the report here and believe the firm's long-term outlook remains solid.

Thor next reports earnings on June 10. The RV and camper manufacturer is one of our most volatile holdings. Its end markets are very sensitive to consumer spending, and the firm is also digesting a large acquisition. We plan to continue holding our shares.

Lowe's reported earnings on May 22, resulting in the stock having its worst-ever single-day loss of 12%. We reviewed the disappointing report here and explained why the company's long-term outlook appears intact.

Dividend Events
Three of our holdings announced dividend increases during the last month. Our portfolio has enjoyed a total of 99 payout raises since inception in June 2015. We have not experienced any dividend cuts.

Lowe's increased its dividend by 15%. The home improvement retailer has paid dividends every quarter since 1961.

Chubb announced its 26th consecutive annual dividend increase, raising its payout by 2.7%.

American Tower lifted its dividend by 2.2%. The wireless infrastructure REIT has raised its payout each year since it started paying dividends in 2011 and targets 20% annual growth.

Stocks to Consider Buying
Most of our holdings have rallied along with the broader market this year, reducing the number of stocks with appealing valuations and timely fundamentals. Three stocks look like timely opportunities for long-term investors to consider: A.O. Smith (AOS), Lowe's (LOW), and C.H. Robinson (CHRW).

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: 2.04%

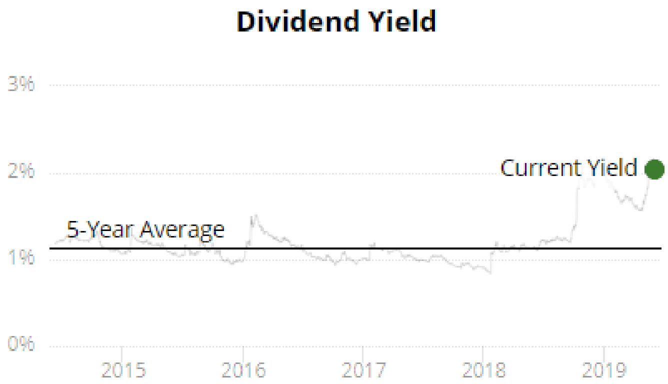
With 25 consecutive annual dividend increases, A.O. Smith is a dividend aristocrat. The firm last raised its dividend by 22% in October 2018 and maintains excellent dividend growth potential going forward. A.O. Smith's payout ratio sits below 35%, the business has a pristine balance sheet (more cash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

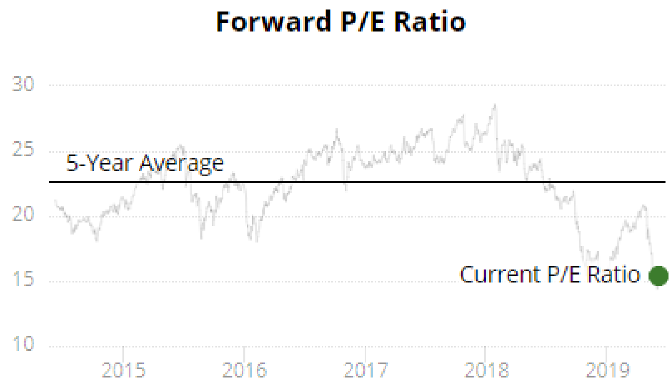
Recent News
A short seller issued a bearish report on A.O. Smith in mid-May. You can read our assessment of the report here. While short-term demand trends in China may be unfavorable, the company's long-term outlook appears intact to us. Management refuted the short seller's report and also increased the firm's share repurchase program by 50%, demonstrating confidence in the underlying business.

A.O. Smith last reported earnings on April 30. Sales fell 5% and adjusted EPS declined 14%. The firm's North American business grew, but sales in China slumped 18% due to channel inventory build which occurred in the first quarter of 2018 but did not repeat in 2019. These results essentially met management's forecast. Management reaffirmed the midpoint of its 2019 guidance, which represents a 4% increase in EPS. Performance in China is expected to improve throughout the rest of the year.

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 15.4 and its dividend yield was 2.04% as of 6/6/19.





Lowe's (LOW): Founded in 1946 in North Wilkesboro, North Carolina, Lowe's is America's second largest home improvement retailer, behind Home Depot (HD). It operates more than 2,100 stores in the U.S., Canada, and Mexico. The company's stores are famous for being a one-stop shop for both do-it-yourself (DIY) customers, as well as professional contractors, generally offering more than 35,000 products, including both well-known national and exclusive brands.

Competitive Advantages
The key to Lowe's steady growth has been its strong focus on strong customer service, which combined with its extensive base of conveniently located stores, economies of scale, brand recognition, and massive distribution channels creates a wide moat in an otherwise highly commoditized retail sector.

Smaller competitors are unable to match the broad assortment of inventory and in-store product presentations that Lowe's can afford. They also have much less bargaining power with suppliers, making their products less price-competitive. Consumers have few reasons not to head to Lowe's or Home Depot for their home improvement needs.

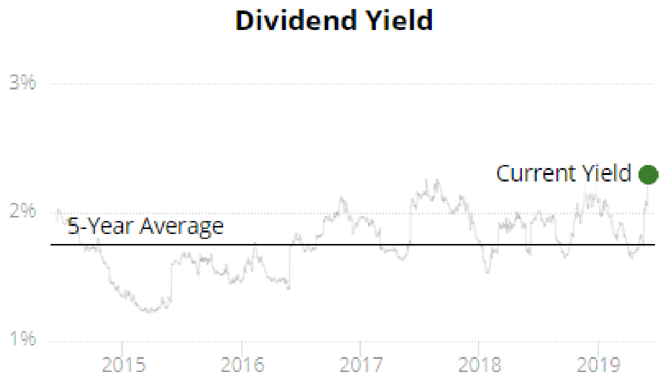
Lowe's has also been improving its competitive positioning by investing more in technology, product presentation, and its online omni-channel sales platform. Through the use of technology and helpful in-store displays and service, customers have even fewer reasons to try out competitors' stores, and the home improvement niche has proven to be fairly Amazon-proof. Our full investment thesis on Lowe's is available here.

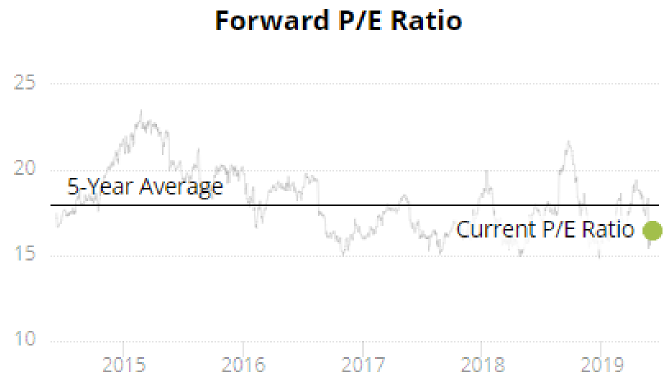
Dividend Review
Dividend Safety Score: 95 5-Year Dividend Growth Rate: 21% per year Dividend Yield: 2.29%

Lowe's has increased its dividend for 56 consecutive years, recording 23% compound annual payout growth over the last two decades. With a healthy payout ratio near 40%, a solid investment grade credit rating, and very consistent cash flow generation, Lowe's dividend is very secure. Given the company's plans for margin expansion, its low payout ratio, and moderating store expansion spending in the future, Lowe's dividend could continue growing at a double-digit rate for many years to come.

Recent News
Lowe's reported earnings on May 22, resulting in the stock having its worst-ever single-day loss of 12%. The company overhauled its management team over the last year, which resulted in several operational hiccups that hurt the firm's profitability. Otherwise, growth was solid. We reviewed the disappointing report here and explained why the company's long-term outlook appears intact.

Valuation
LOW's forward P/E ratio was 16.4 and its dividend yield was 2.29% as of 6/6/19.





C.H. Robinson (CHRW): Founded in 1905, C.H. Robinson has been in business for nearly 120 years and is one of the biggest third party logistics companies in the world. The business essentially acts as a middleman in the transportation industry, helping connect companies that need to ship goods with cost-effective transportation providers that have capacity available via trucks, railroads, airlines, and ships. C.H. Robinson doesn't own any hard transportation assets and is a service company that creates transportation and supply chain advantages for its customers.

The company has over 120,000 customers and maintains relationships with more than 75,000 carriers and suppliers, who it purchases shipping capacity from on behalf of its customers. Key end markets include manufacturing, food and beverage, chemical, retail, automotive, paper, and electronics. Trucking generates close to 70% of the company's overall revenue, with the remainder from air and ocean freight forwarding, intermodal, and produce sourcing operations.

Competitive Advantages

Many of C.H. Robinson's advantages come from its scale – the company generates more revenue than top rivals TQL, XPO Logistics, and Echo combined. If you were a retailer that needed to cost-effectively ship goods across the country, you would want to use a broker that had access to the greatest number of shipping routes and carriers. If you were a transportation company, you would want to work with a broker that had access to the greatest number of potential customers in need of your shipping services.

Connecting a global supply chain with hundreds of thousands of participants and even more variables is very difficult, but C.H. Robinson has the necessary relationships, technology, and employees to get the job done efficiently for customers. With less than 3% share of the overall market in each of the areas it competes in, the company appears to have a solid runway for long-term growth as it consolidates the market. Our full investment thesis on C.H. Robinson can be seen here.

Dividend Review

Dividend Safety Score: 90 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 2.51%

C.H. Robinson's dividend looks very safe. The company has raised its dividend each year since becoming a publicly-traded company in 1997. Its current payout ratio sits near 40%, and this is an especially healthy level because the company's cost structure is mostly variable (it owns few hard assets).

For example, C.H. Robinson grew its earnings during the financial crisis and continued generating strong free cash flow despite a 12% drop in revenue. The business has consistently earned a high return on invested capital near 30% and maintains a very healthy balance sheet as well.

C.H. Robinson's dividend has increased by 19% per year over the last two decades, although growth has slowed in recent years. With the company's payout ratio sitting near its target level (40-45%), future dividend growth will likely follow earnings growth, which is expected to remain near 10% annually.

Recent News

No update from last month. C.H. Robinson last reported solid earnings on April 30. Net revenues increased 8.4%, operating margin improved 250 basis points to 33.1%, operating income grew 17.2%, and cash flow from operations rose 28.1%. Management continues to expect market share gains in 2019 and beyond while improving margins and recording double-digit EPS growth over the long term.

However, C.H. Robinson shares fell nearly 8% in late April following a report that Amazon launched a truck brokerage platform with prices that significantly undercut the market. However, Amazon later told the industry trade publication which published the report that it is not undercutting market prices.

Either way, investors worried that Amazon might be willing to do business for little to no profit in this space as it builds out its own logistics network to enable future capabilities like one-day delivery for Prime members.

I believe this is more noise than news, for several reasons. First the markets C.H. Robinson competes in are extremely large and fragmented. Despite being the largest freight broker in North America, the company is no more than 3% of the overall market in any one of the spaces it competes in (truckload, ocean, air, less than truckload, etc.).

The U.S. third-party logistics brokerage market is also forecast to grow 10% annually between 2018 and 2022. While C.H. Robinson delivers an average of over three services to each of its top 500 clients, the business appears to have plenty of opportunities to continue expanding its services and market share, almost across the board.

Finally, the company's lengthy track record means it deserves some benefit of the doubt. The company's COO Bob Biesterfeld made the following remarks on Robinson's April 30th earnings call:

"If I look back over the past 20 years of my tenure here at Robinson, we have really seen several instances of disruption in our competitive landscape. And really with each instance of disruption in our history, the bear case on Robinson has always been that these new entrants, who are going to disintermediate our model and drive margins down or to zero.

And so through each of these phases we have stayed true to one of our core values, which is evolving constantly and managing our business for long-term value creation.

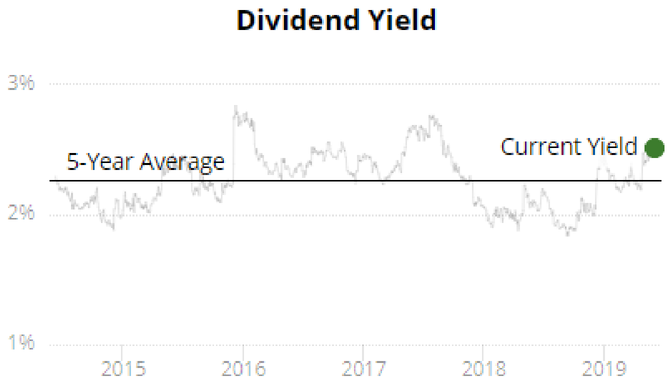
But in the early 2000s, it was the advent of the Internet. The arrival of the load board that was going to bring price and cost transparency and disintermediate brokerage. In the mid 2000s, we had upstart 3PLs actively pricing freight below market rates in order to take share with large shippers, either in order to sell or to go public.

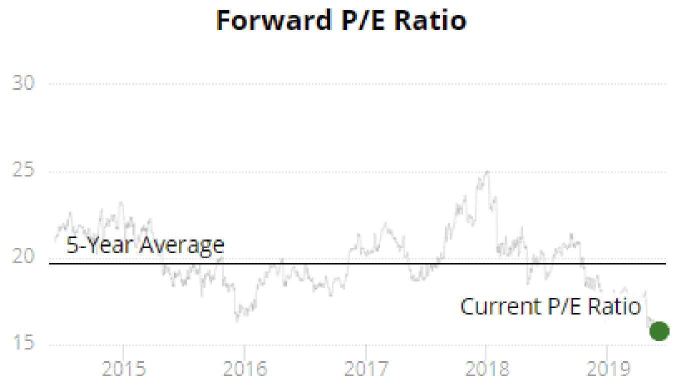
We have seen roll-up strategies launched, fueled by a near zero cost of capital targeted directly at disintermediating Robinson. And recently, we have got numerous of these tech start or tech first brokerages promising low or no margins, reducing friction and improving efficiency. And these have really been high on the hype curve as we have seen, again fueled by what seems to be an endless source of private equity.

But through this whole long range cycle what Robinson has done is maintain our margins relatively consistent. We have increased our share of the market. We have diversified our business and we have increased our return to shareholders."

Valuation

CHRW's forward P/E ratio was 16.6 and its dividend yield was 2.51% as of 6/6/19.





Stocks to Consider Selling
None.

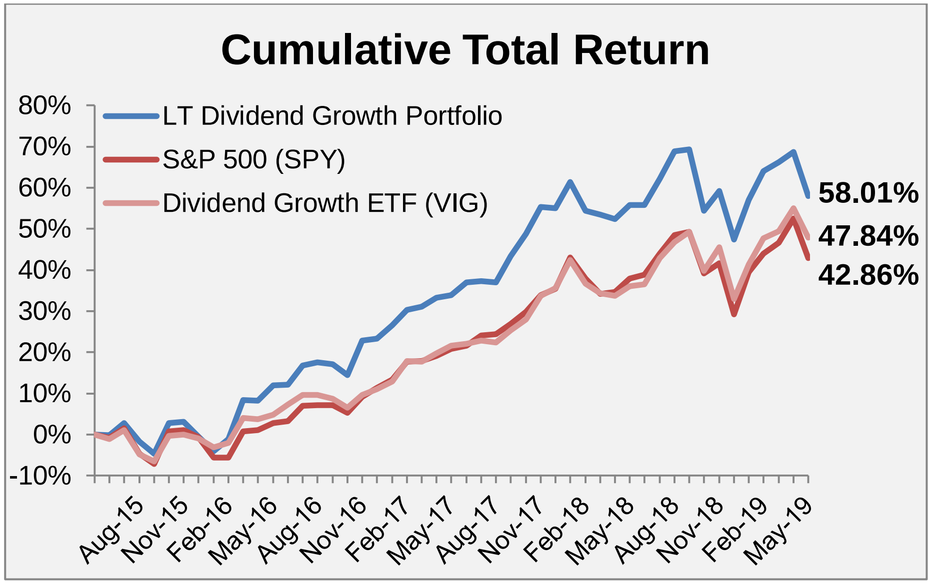
Long-term Dividend Growth Portfolio – Portfolio Actions

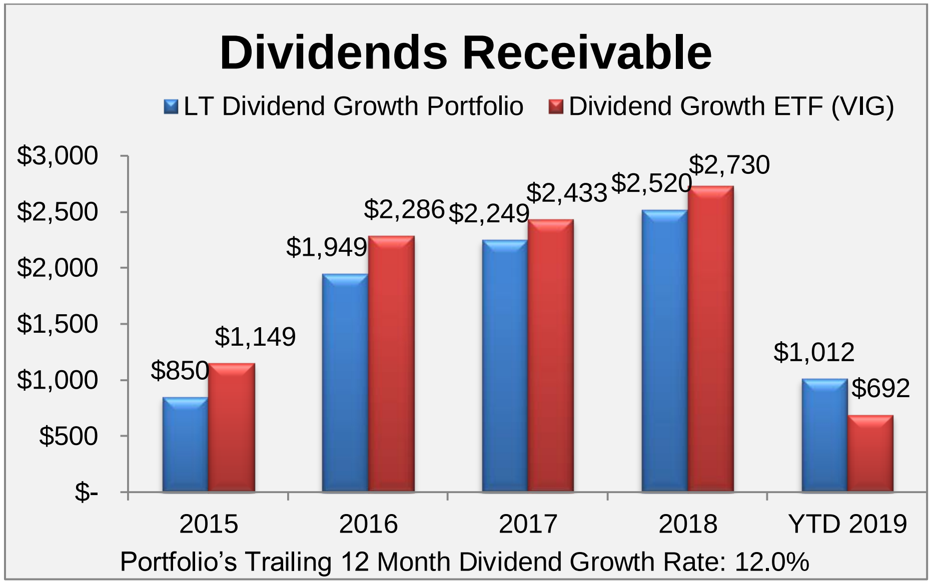
Data as of 6/6/19

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	15.4	2.04%	99	High	07-13-15	118	3.1%	$33.76	$43.24	$5,102.32	36.9%	44.3%	-7.4%
LOW	Lowe's Companies	16.4	2.29%	95	High	11-07-17	60	3.5%	$77.65	$96.24	$5,774.40	27.5%	13.1%	14.4%
CHRW	C.H. Robinson Worldwide	15.8	2.51%	90	Low	10-03-16	65	3.2%	$70.26	$79.56	$5,171.40	20.5%	36.2%	-15.7%
Long-term Holds														
FLIR	FLIR Systems	20.7	1.36%	97	High	07-10-15	130	4.0%	$30.57	$50.09	$6,511.70	71.3%	45.9%	25.4%
MSM	MSC Industrial Direct Co.	12.4	3.51%	86	Average	06-22-15	57	2.5%	$69.81	$71.74	$4,089.18	14.3%	42.9%	-28.6%
MDT	Medtronic	17.7	2.07%	99	Low	11-07-17	65	3.8%	$77.80	$96.50	$6,272.50	27.4%	13.1%	14.4%
ORCL	Oracle Corporation	14.2	1.83%	96	High	12-31-15	110	3.5%	$36.53	$52.59	$5,784.90	50.8%	47.4%	3.4%
FUL	H.B. Fuller Company	12.4	1.49%	65	High	07-24-15	107	2.8%	$38.83	$42.91	$4,591.37	16.2%	45.5%	-29.4%
HRL	Hormel Foods Corporation	24.3	2.02%	99	Very Low	06-06-16	141	3.6%	$34.38	$41.49	$5,850.09	28.3%	41.7%	-13.4%
APH	Amphenol Corporation	23.5	1.00%	88	Average	07-14-15	72	4.0%	$55.15	$91.93	$6,618.96	71.5%	43.7%	27.8%
CB	Chubb Limited	13.7	2.02%	94	Average	06-26-15	38	3.4%	$103.47	$148.66	$5,649.08	54.5%	44.3%	10.2%
AMT	American Tower Corporation (REIT	26.9	1.73%	74	Very Low	04-03-17	35	4.5%	$120.49	$212.70	$7,444.50	81.1%	25.3%	55.8%
BDX	Becton, Dickinson and Company	19.0	1.30%	94	High	04-04-16	28	4.0%	$153.94	$236.63	$6,625.64	58.9%	45.2%	13.7%
IFF	International Flavors & Fragrances	22.8	1.97%	64	Low	07-14-15	37	3.4%	$113.16	$148.52	$5,495.24	39.9%	43.7%	-3.8%
PH	Parker-Hannifin Corporation	13.5	2.17%	96	High	07-23-15	36	3.6%	$110.92	$162.01	$5,832.36	56.0%	44.0%	11.9%
ABT	Abbott Laboratories	24.1	1.60%	72	Average	12-31-15	90	4.4%	$44.91	$80.09	$7,208.10	86.9%	47.4%	39.5%
TJX	TJX Companies	19.0	1.81%	78	Average	06-23-15	118	3.7%	$33.76	$50.90	$6,006.20	63.6%	42.8%	20.8%
FIS	Fidelity Nat'l Information Services	16.0	1.15%	76	Low	07-17-15	63	4.7%	$62.94	$121.57	$7,658.91	96.5%	42.5%	54.0%
BR	Broadridge Financial Solutions	25.7	1.51%	75	Average	06-22-15	76	6.0%	$52.65	$128.32	$9,752.32	154.0%	42.9%	111.2%
IEX	IDEX Corporation	27.0	1.26%	95	High	07-22-15	52	5.0%	$75.87	$158.28	$8,230.56	116.1%	43.2%	72.9%
TXRH	Texas Roadhouse	23.4	2.15%	83	Low	06-09-15	109	3.7%	$36.38	$55.79	$6,081.11	97.0%	45.7%	51.3%
ROK	Rockwell Automation	16.9	2.48%	71	High	07-27-15	34	3.2%	$116.32	$156.18	$5,310.12	45.5%	46.4%	-0.9%
THO	Thor Industries	8.9	2.88%	89	Very High	07-29-15	72	2.4%	$55.14	$54.19	$3,901.68	7.7%	43.6%	-36.0%
EXPO	Exponent	40.8	1.11%	66	Very Low	07-22-15	180	6.4%	$22.66	$57.87	$10,416.60	167.9%	43.2%	124.7%
TTC	Toro Company	21.1	1.34%	76	Average	07-20-15	122	5.0%	$33.67	$67.29	$8,209.38	109.5%	42.4%	67.1%
Cash (Includes Dividends Receivable)								2.6%			$4,283.09			
Portfolio Total		**20.4**	**1.76%**	**85**	**Average**			**100%**			**$163,872**	**63.9%**	**42.9%**	**21.0%**

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





<u>Monthly Return</u>	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019
Portfolio	0.25%	-8.82%	3.19%	-7.50%	6.62%	4.38%	1.33%	1.57%	-6.37%
S&P 500	0.55%	-6.88%	1.87%	-8.81%	7.96%	3.24%	1.81%	4.07%	-6.38%
VIG ETF	1.68%	-6.36%	4.14%	-8.72%	6.32%	4.58%	1.14%	3.72%	-4.63%
Portfolio Value	$169,291.05	$154,351.88	$159,278.48	$147,331.86	$157,084.76	$163,962.68	$166,137.51	$168,753.33	$158,008.75

<u>Since Inception</u>

Cumulative	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019
Portfolio	69.29%	54.35%	59.28%	47.33%	57.08%	63.96%	66.14%	68.75%	58.01%
S&P 500	49.32%	39.12%	41.72%	29.21%	39.50%	44.02%	46.62%	52.59%	42.86%
VIG ETF	49.32%	39.82%	45.61%	32.91%	41.31%	47.78%	49.47%	55.03%	47.84%

Annualized	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019
Portfolio	17.26%	13.63%	14.31%	11.48%	13.17%	14.19%	14.27%	14.39%	12.19%
S&P 500	12.89%	10.21%	10.54%	7.46%	9.55%	10.29%	10.58%	11.46%	9.38%
VIG ETF	12.92%	10.40%	11.43%	8.33%	9.96%	11.08%	11.16%	11.95%	10.35%

Long-term Dividend Growth Portfolio – Payment Schedule

Data as of 6/6/19

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%	41%	0.32	Feb, May, Aug, Nov	Mid July	Mid Aug	8%	N/A	N/A
CB	2.0%	30%	0.75	Jan, Apr, Jul, Oct	06-20-19	07-12-19	3%	3%	10%
AOS	2.0%	31%	0.22	Feb, May, Aug, Nov	Late July	Mid Aug	36%	27%	20%
APH	1.0%	24%	0.23	Jan, Apr, Jul, Oct	06-18-19	07-11-19	26%	24%	40%
BDX	1.3%	27%	0.77	Mar, Jun, Sept, Dec	06-06-19	06-28-19	3%	7%	9%
BR	1.5%	38%	0.49	Jan, Apr, Jul, Oct	06-13-19	07-03-19	33%	18%	21%
EXPO	1.1%	40%	0.16	Mar, Jun, Sept, Dec	06-06-19	06-21-19	23%	21%	N/A
FIS	1.2%	23%	0.35	Mar, Jun, Sept, Dec	06-13-19	06-28-19	9%	8%	21%
FLIR	1.4%	29%	0.17	Mar, Jun, Sept, Dec	Late Aug	Early Sept	6%	11%	N/A
FUL	1.5%	21%	0.16	Feb, May, Aug, Nov	Mid July	Early Aug	4%	10%	9%
IEX	1.3%	32%	0.50	Feb, May, Aug, Nov	Mid Aug	Late Aug	16%	12%	15%
IFF	2.0%	48%	0.73	Jan, Apr, Jul, Oct	06-21-19	07-05-19	7%	14%	11%
LOW	2.3%	37%	0.55	Feb, May, Aug, Nov	07-23-19	08-07-19	17%	21%	19%
MSM	3.5%	46%	0.63	Jan, Apr, Jul, Oct	Early July	Late July	14%	8%	12%
ORCL	1.8%	23%	0.24	Jan, Apr, Jul, Oct	Mid July	Late July	7%	11%	23%
MDT	2.1%	38%	0.50	Jan, Apr, Jul, Oct	Late June	Mid July	9%	12%	10%
PH	2.2%	26%	0.88	Mar, Jun, Sept, Dec	Early Aug	Early Sept	6%	10%	13%
CHRW	2.5%	39%	0.50	Mar, Jun, Sept, Dec	06-06-19	06-28-19	4%	6%	8%
ROK	2.5%	44%	0.97	Mar, Jun, Sept, Dec	Mid Aug	Mid Sept	11%	11%	13%
THO	2.9%	25%	0.39	Jan, Apr, Jul, Oct	Early July	Mid July	5%	11%	19%
TJX	1.8%	33%	0.23	Mar, Jun, Sept, Dec	Mid Aug	Early Sept	18%	21%	23%
AMT	1.7%	41%	0.92	Jan, Apr, Jul, Oct	06-18-19	07-12-19	20%	23%	N/A
TTC	1.3%	31%	0.23	Jan, Apr, Jul, Oct	06-24-19	07-11-19	13%	18%	20%
TXRH	2.2%	49%	0.30	Mar, Jun, Sept, Dec	06-11-19	06-28-19	20%	15%	N/A
HRL	2.0%	44%	0.21	Feb, May, Aug, Nov	07-12-19	08-15-19	12%	16%	16%
Average	1.8%	34%					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 near 3% or higher, 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	21.9	3.0%	82	Very Low	62%	5%
AVB	AvalonBay Communities	23.5	2.9%	98	Low	65%	6%
DLR	Digital Realty Trust	18.6	3.7%	91	Low	68%	5%
DUK	Duke Energy Corporation	17.6	4.2%	80	Very Low	79%	3%
ED	Consolidated Edison	20.4	3.3%	92	Very Low	66%	3%
FRT	Federal Realty Investment Trust	24.8	3.1%	84	Low	65%	6%
K	Kellogg Company	14.3	4.0%	72	Low	54%	4%
KMB	Kimberly-Clark Corporation	19.8	3.1%	86	Low	61%	4%
KO	Coca-Cola Company	24.1	3.1%	84	Very Low	75%	6%
MAA	Mid-America Apartment Communities	21.1	3.3%	96	Very Low	71%	6%
MO	Altria Group	11.8	6.3%	65	Low	79%	10%
NNN	National Retail Properties	19.2	3.7%	95	Very Low	73%	4%
O	Realty Income Corporation	21.7	3.7%	80	Very Low	83%	4%
PEP	PepsiCo	23.5	2.9%	94	Low	66%	10%
PNW	Pinnacle West Capital Corporation	20.1	3.0%	92	Very Low	61%	5%
PSA	Public Storage	24.8	3.3%	91	Very Low	81%	9%
SPG	Simon Property Group	14.6	5.0%	74	Low	68%	10%
MMP	Magellan Midstream Partners, L.P.	12.3	6.4%	61	Low	77%	12%
VTR	Ventas	18.8	5.0%	71	Very Low	87%	3%
VZ	Verizon Communications	12.1	4.2%	84	Very Low	51%	3%
WEC	WEC Energy Group	24.0	2.8%	85	Very Low	65%	9%
FLO	Flowers Foods	22.6	3.4%	65	Very Low	75%	10%
PG	Procter & Gamble Company	22.9	2.8%	99	Very Low	66%	3%

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 (REIT)	26.9	1.7%	74	Very Low	41%	20%
BBY	Best Buy Co.	10.9	3.2%	82	Average	33%	24%
COLB	Columbia Banking System	13.6	3.0%	61	Average	42%	13%
CSCO	Cisco Systems	16.6	2.5%	89	Average	45%	13%
CUBE	CubeSmart	21.1	3.8%	61	Very Low	75%	21%
DOX	Amdocs Limited	13.6	1.9%	89	Very Low	25%	14%
ELS	Equity LifeStyle Properties	32.8	2.0%	83	Very Low	65%	13%
HD	Home Depot	19.1	2.8%	89	Average	47%	22%
HON	Honeywell International	20.5	1.9%	99	Average	39%	12%
HRL	Hormel Foods Corporation	24.3	2.0%	99	Very Low	44%	13%
ITW	Illinois Tool Works	18.4	2.7%	84	Average	50%	20%
KEY	KeyCorp	9.2	4.0%	77	Average	36%	25%
MDT	Medtronic plc	17.7	2.1%	99	Low	38%	10%
NDAQ	Nasdaq	19.1	2.0%	61	Low	37%	24%
RGA	Reinsurance Group of America	11.4	1.6%	98	Low	17%	16%
SBUX	Starbucks Corporation	28.1	1.8%	69	Low	56%	25%
SCI	Service Corporation International	22.7	1.6%	67	Average	38%	12%
SNA	Snap-on Incorporated	13.0	2.3%	99	Average	29%	16%
STI	SunTrust Banks	10.9	3.2%	80	Very High	33%	25%
TSN	Tyson Foods	12.9	1.8%	99	Very Low	10%	44%
VFC	V.F. Corporation	25.2	2.4%	75	Average	51%	8%
AAPL	Apple	15.3	1.7%	99	Average	25%	11%
BA	Boeing Company	21.0	2.3%	99	Very High	46%	24%

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 average or better 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.	17.6	6.2%	53	Very Low	70%	6%
BIP	Brookfield Infrastructure Partners L.P.	15.7	4.8%	65	Average	57%	9%
DUK	Duke Energy Corporation	17.6	4.2%	80	Very Low	79%	3%
ENB	Enbridge	11.1	6.0%	60	Low	61%	16%
EPD	Enterprise Products Partners L.P.	10.0	6.2%	89	Low	61%	5%
PM	Philip Morris International	14.8	5.9%	71	Average	88%	5%
IRM	Iron Mountain Incorporated	10.2	7.9%	52	Low	81%	17%
MMP	Magellan Midstream Partners, L.P.	12.3	6.4%	61	Low	77%	12%
SO	Southern Company	18.1	4.5%	65	Very Low	83%	3%
SPG	Simon Property Group	14.6	5.0%	74	Low	68%	10%
T	AT&T	8.9	6.4%	55	Very Low	57%	2%
VTR	Ventas	18.8	5.0%	71	Very Low	87%	3%
VZ	Verizon Communications	12.1	4.2%	84	Very Low	51%	3%
WPC	W. P. Carey	16.7	4.9%	71	Low	77%	4%
MO	Altria Group	11.8	6.3%	65	Low	79%	10%
MAIN	Main Street Capital Corporation	15.9	6.0%	68	Average	88%	4%
HTA	Healthcare Trust of America	20.8	4.3%	62	Low	91%	1%
GIS	General Mills	15.8	3.8%	69	Low	62%	5%
NHI	National Health Investors	15.2	5.3%	61	Low	79%	6%
MPW	Medical Properties Trust	15.7	5.5%	85	Low	91%	4%
D	Dominion Energy	18.0	4.8%	75	Very Low	86%	9%
WELL	Welltower	21.6	4.2%	70	Very Low	95%	2%
STOR	STORE Capital Corporation	17.6	3.8%	62	Very Low	69%	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
UNH	UnitedHealth Group Incorporated	20%	16.0	1.5%	99	Low	27%	27%
COR	CoreSite Realty Corporation	18%	22.3	4.2%	43	Average	80%	29%
IEX	IDEX Corporation	16%	27.0	1.3%	95	High	32%	12%
LOW	Lowe's Companies	15%	16.4	2.3%	95	High	37%	21%
PSX	Phillips 66	13%	9.3	4.2%	65	Average	29%	18%
CLX	Clorox Company	10%	24.2	2.7%	79	Very Low	63%	6%
NOC	Northrop Grumman Corporation	10%	16.0	1.7%	81	Average	25%	15%
NSA	National Storage Affiliates Trust	7%	20.1	4.3%	34	Low	82%	N/A
FLO	Flowers Foods	6%	22.6	3.4%	65	Very Low	75%	10%
LEG	Leggett & Platt, Incorporated	5%	14.9	4.3%	61	Average	63%	5%
LYB	LyondellBasell Industries N.V.	5%	7.5	5.2%	47	Average	39%	15%
EXR	Extra Space Storage	5%	22.8	3.3%	66	Very Low	73%	18%
CBRL	Cracker Barrel Old Country Store	4%	18.3	3.1%	79	Low	57%	17%
CB	Chubb Limited	3%	13.7	2.0%	94	Average	30%	3%
MAIN	Main Street Capital Corporation	3%	15.9	6.0%	68	Average	88%	4%
AMT	American Tower Corporation (REIT)	2%	26.9	1.7%	74	Very Low	41%	23%

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
BBY	Best Buy Co.	10.9	3.2%	82	Average	33%	22%	6/12/2019
DLR	Digital Realty Trust	18.6	3.7%	91	Low	68%	5%	6/13/2019
KO	Coca-Cola Company	24.1	3.1%	84	Very Low	75%	6%	6/13/2019
NTRS	Northern Trust Corporation	12.5	2.7%	99	Average	33%	13%	6/13/2019
OMC	Omnicom Group	13.1	3.3%	89	Low	42%	6%	6/13/2019
TROW	T. Rowe Price Group	13.8	2.9%	99	Average	39%	12%	6/13/2019
XEL	Xcel Energy	22.8	2.7%	74	Very Low	62%	6%	6/13/2019
DTE	DTE Energy Company	20.8	2.9%	87	Very Low	57%	7%	6/14/2019
MRK	Merck & Co.	16.9	2.7%	99	Low	44%	5%	6/14/2019
TIF	Tiffany & Co.	18.1	2.5%	82	Very High	46%	10%	6/19/2019
ARE	Alexandria Real Estate Equities	25.9	2.7%	78	Average	60%	7%	6/27/2019
AVB	AvalonBay Communities	23.5	2.9%	98	Low	65%	6%	6/27/2019
CM	Canadian Imperial Bank of Commerce	8.4	5.3%	88	Average	45%	7%	6/27/2019
ESS	Essex Property Trust	24.4	2.6%	94	Very Low	64%	9%	6/27/2019
ITW	Illinois Tool Works	18.4	2.7%	84	Average	50%	17%	6/27/2019
BNS	Bank of Nova Scotia	9.4	4.9%	84	Average	48%	7%	6/28/2019
CAH	Cardinal Health	8.6	4.5%	97	Average	37%	11%	6/28/2019
STT	State Street Corporation	8.4	3.3%	92	Very High	26%	11%	6/28/2019
VTR	Ventas	18.8	5.0%	71	Very Low	87%	3%	6/28/2019
NTAP	NetApp	12.4	3.1%	90	Very High	31%	22%	7/3/2019

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