SIMPLY SAFE DIVIDENDS

January 2020
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Intelligent Income℠

Quality dividend ideas for safe income and long-term growth

Monthly Recap

What a difference a year can make. The market limped into 2019 following the worst year for stocks since the 2008 financial crisis, and the worst December for the Dow since the Great Depression.

Investors feared a global recession as economic growth slowed, the Fed was thought to be raising interest rates too quickly given the economy's fragility, and trade tensions with China mounted.

Twelve months later, the S&P 500 finished the year with about a 30% gain. Outside of holding cash, it almost didn't matter what you invested in. Stocks, bonds, oil, and gold all recorded strong gains. And impressively, about 90% of stocks in the S&P 500 rose.

Simply put, 2019 was a great year for dart throwers. Investors' worst fears abated as the Fed lowered the benchmark interest rate for the first time since 2008, the U.S. and China progressed on an initial trade deal, and the economic expansion continued.

2019 was a somewhat harder year for dividend-focused portfolios. Popular funds such as Vanguard's High Dividend Yield ETF (VYM), Schwab's U.S. Dividend Equity ETF (SCHD), and Invesco's S&P 500 High Dividend Low Volatility ETF (SPHD) *only* returned between 20% and 27%. Our three portfolios delivered similar returns between 20% and 25%.

If that's what a tough year looks like, sign me up for several more.

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Quote of the Month

"This is a new year. A new beginning. And things will change.'" – Taylor Swift

The market's return last year was driven by areas that are typically underrepresented in dividend portfolios. Only two sectors delivered better returns than the S&P 500 – tech surged about 50%, and financials gained 32%. All other sectors trailed the broader market.

The tech sector's impressive performance caps a decade in which it exceeded the S&P 500's return by about 100 percentage points, recognizing the transformational changes many of these businesses have introduced to our society.

When the iPhone was conceived in 2007, just 6% of the U.S. population had smartphones. Today, over 80% of Americans own smartphones. Similarly, only 3% of the population owned tablet computers in 2010, compared to roughly half of Americans now.

Having mini computers in our pockets has changed the way we shop, how we make buying decisions, how we spend our time, and what we view as acceptable cultural norms. Mobile computing has also opened opportunities for new businesses to emerge and software to transform the way many industries work.

When you consider that less than 60% of the world's population uses the internet today and roughly half of 18- to 29-year-old Americans say they go online constantly compared to just 7% of those 65 and older, it's not hard to believe that these trends are still in the "early innings."

The other major theme from this past decade that stands out to me is monetary policy easing. Following the 2008 financial crisis central banks worldwide experimented with unprecedented stimulus measures, lending money at cheap interest rates and buying trillions of dollars of bonds and other assets in hopes of improving the pace of global economic growth.

Consumers and businesses have lived in a golden era of capital availability with easy access to cheap financing. Low interest rates and stimulus actions from central bankers have effectively led to a decadelong scramble for yield and an overall surge in asset values.

Both of these themes have made life more complicated for conservative dividend investors as we enter the next decade. Technology-based disruption is a looming threat across almost every industry, making it more difficult to find the kinds of stodgy, durable businesses we rely on for safe income. Meanwhile, investor exuberance has stretched many company valuations as expectations rise for America's longest economic expansion in history to continue.

Per FactSet estimates, in 2020 analysts expect S&P 500 companies to report about 5% revenue growth while increase their earnings by nearly 10%. Meanwhile, the market's rally has increased the S&P 500's forward P/E ratio to 18, which is close to its highest level in more than a decade.

I believe some cautiousness is warranted in this environment where many investors are happily marching further out on the risk curve (whether they know it or not) in pursuit of higher returns.

However, my approach and objectives for next year and the next decade have not changed. I don't believe in timing the market, trading frequently (we didn't make a single trade in 2019 – so much for the free commissions now being offered by the major brokerages), or rotating sectors in anticipation of what the market or economy might do.

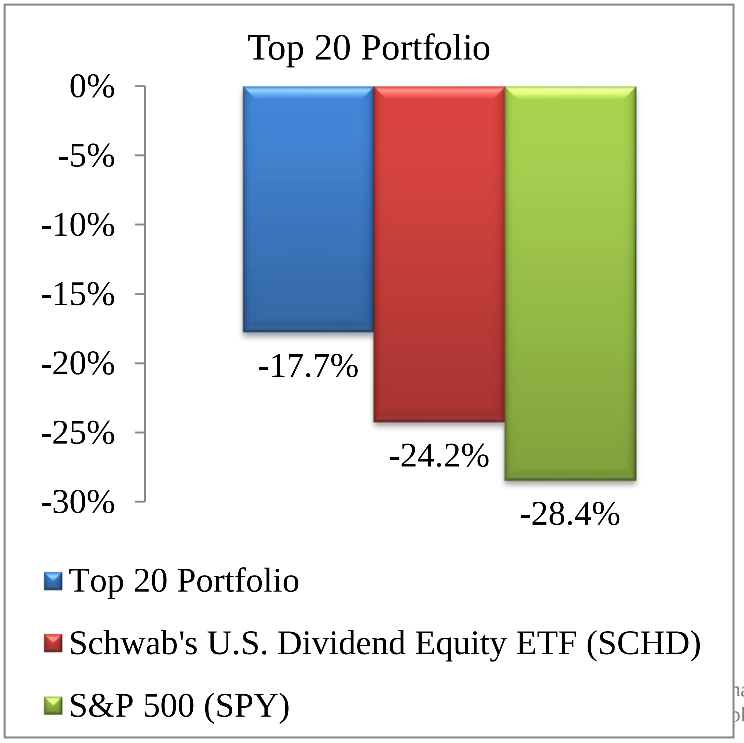
As a conservative investor, I focus on maintaining a diversified dividend portfolio that has a high probability of generating safe and growing income each year, keeping pace with the broader market's return in the long term, and outperforming in downturns to preserve capital.

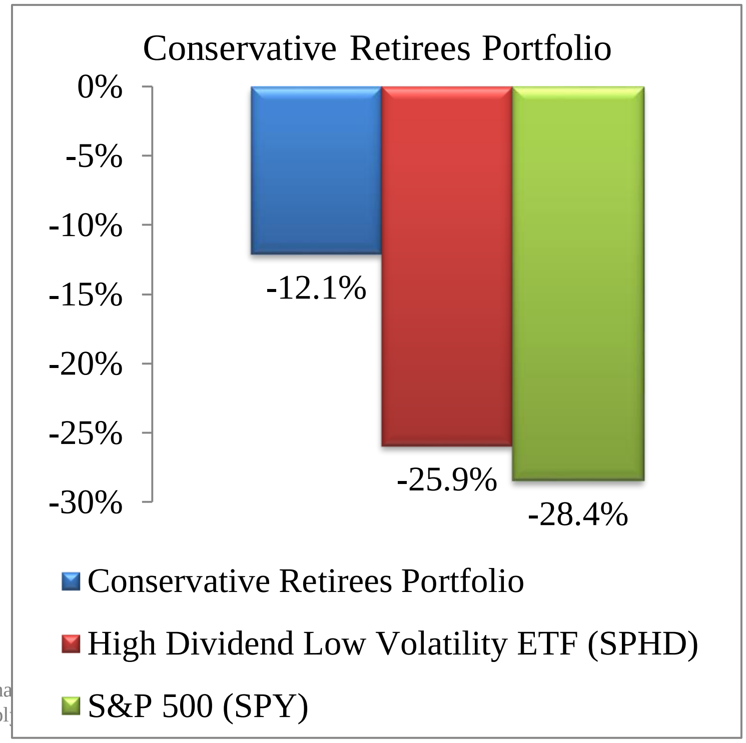
It's easy to make money in a year like 2019. It's the down years that can rattle investors and lead retirements astray. I do my best to maintain our portfolios so that they can endure any type of environment thanks to their focus on dividend safety and owning durable businesses.

For example, since our portfolios were conceived in June 2015, the S&P 500 has experienced 13 down months. The charts below show the median annualized return across those months for our Top 20 and Conservative Retirees portfolios, as well as their respective benchmarks.

While this is admittedly not a large sample size, you can see that our drawdowns were significantly smaller. Additionally, our Top 20 portfolio outperformed the S&P 500 in all 13 down months and its dividend ETF benchmark in 11 of those months. Similarly, our Conservative Retirees portfolio outperformed both of its benchmarks in 10 of the 13 months.

13 Down Months: Median Annualized Return





Owning companies with sustainable payout ratios, healthy balance sheets, durable cash flow, and strong commitments to their dividends has served us well. Whenever the market experiences its next unforeseeable downturn, I expect our disciplined focus to prove especially fruitful.

Our Dividend Safety Scores are a big help in identifying these types of businesses and will remain a core focus for us this next decade. We made a number of strides in 2019 to further improve our Dividend Safety Score system.

We implemented a handful of new industry templates to better account for industry nuances and maintain a more stable scoring system. We also released Dividend Safety Score email alerts so you will now be notified right away if we ever change one of your holding's scores (including our rationale for the change). Additional improvements were made to the tools we use behind the scenes to monitor our coverage universe, too.

And as always, we will continue to be transparent with our results. Despite the market's solid year, over 80 dividend cuts were announced in 2019. Since our Dividend Safety Score system was conceived in late 2015, we've now recorded 324 dividend cuts in real-time. Investors who stuck with companies that scored above 60 (our *Safe* and *Very Safe* categories), which is how our portfolios are primarily structured, would have avoided over 98% (319 of 324) of the cuts.

There are surprisingly few matters we have control over as investors. I can't tell you which of our holdings will have a great 2020, and which will face challenges. And I'd be skeptical of any so-called expert who claims they can. In fact, over the last 35 years, U.S. stocks seen as sure winners by analysts on average performed much worse than stocks predicted to flop.

Instead, as we've outlined in our How to Get Started with Dividend Investing guide, Dividend Safety Scores and basic diversification principles go a long ways in getting you positioned to meet your retirement goals, generate safer income, understand the amount of risk you are taking, and reduce the amount of time required to manage your portfolio.

My business partner Matt and I are excited to continue improving Simply Safe Dividends to make that job easier for all of us in the years ahead. Thank you for your support.

Sincerely,

Brian Bollinger
Founder, Simply Safe Dividends

Portfolio Performance

The S&P 500 (SPY) gained 2.9% in December, bringing its 2019 return to 31%. Given our focus on higher quality, more defensive businesses, each of our portfolios trailed the market this year, though our absolute returns remain strong, ranging between 20% and 25%. With that said, 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 ETF benchmark. The annualized returns of our portfolios remain unusually strong, ranging from 12.1% to 14.4%, 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 December, 2019, 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 12/31/2019	
				Annualized	
	Inception Date	**December 2019**	**2019**	**1 Year**	**Since Inception**
Top 20 Dividend Stocks Portfolio	**6/12/2015**	**1.69%**	**19.53%**	**19.53%**	**13.02%**
S&P 500 Index (SPY)		2.90%	31.12%	31.12%	12.08%
Schwab U.S. Dividend Equity ETF (SCHD)		2.27%	27.26%	27.26%	12.16%
Conservative Retirees Portfolio	**6/17/2015**	**2.39%**	**22.61%**	**22.61%**	**12.14%**
S&P 500 Index (SPY)		2.90%	31.12%	31.12%	12.06%
S&P 500 High Dividend Low Volatility ETF (SPHD)		2.64%	20.26%	20.26%	11.25%
Long-term Dividend Growth Portfolio	**6/9/2015**	**2.50%**	**25.33%**	**25.33%**	**14.38%**
S&P 500 Index (SPY)		2.90%	31.12%	31.12%	12.24%
Vanguard Dividend Appreciation ETF (VIG)		2.22%	29.60%	29.60%	12.68%

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 18% and 25%, 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	2.85%	2.61%	3.67%
S&P 500	3.48%	3.48%	3.47%
% Difference	-18.10%	-25.00%	5.76%

Dividend Events

Abbott (+12.5%), **WEC Energy** (+7.2%), **Waste Management** (+6.3%), **American Tower** (+6.3%), **Pfizer** (+5.6%), **Dominion Energy** (+2.5%), **C.H. Robinson** (+2.0%), **AT&T** (+2.0%), and **W.P. Carey** (+0.2%), announced new dividend increases during the last month. Since inception in June 2015, we have recorded 335 total dividend increases across our three portfolios and avoided dividend cuts.

	Dividend Events Since Inception		
	Top 20	**Retirees**	**Growth**
Increases	96	126	113
Cuts	0	0	0
Trailing 12 Month Dividend Growth	7.4%	4.5%	12.8%

Portfolio Actions

No trades were made in December, and none are planned for January. As always, I will send out an email if I am considering making any trades between newsletter editions. However, trading activity across our three portfolios is rare.

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)	86	13.0	3.26%	6%
C.H. Robinson (CHRW)	92	18.3	2.62%	6%
Wells Fargo (WFC)	79	12.6	3.80%	6%

Conservative Retirees	Dividend Safety Score	Forward P/E	Dividend Yield	5-Yr Annual Div Growth Rate
ExxonMobil (XOM)	70	21.0	4.91%	5%
Philip Morris (PM)	64	15.6	5.49%	5%
Wells Fargo (WFC)	79	12.6	3.80%	6%

LT Dividend Growth	Dividend Safety Score	Forward P/E	Dividend Yield	5-Yr Annual Div Growth Rate
A.O. Smith (AOS)	99	20.1	2.01%	27%
C.H. Robinson (CHRW)	92	18.3	2.62%	6%
Oracle (ORCL)	99	13.2	1.78%	11%

Top 20 Dividend Stocks

Portfolio Update

Portfolio Statistics

Dividend Yield:	2.8%
Fwd P/E Ratio:	17.3
Beta:	0.71
Dividend Safety:	82
1-yr Sales Growth:	1.8%
1-yr EPS Growth:	5.0%

Performance Update

12/31/19	Dec	All
Portfolio	1.7%	74.6%
S&P 500	2.9%	68.2%
SCHD	2.3%	68.7%

Dividend Increases:	96
Dividend Decreases:	0

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

Return Drivers
Total return is expected to be composed of:

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

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

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

Performance Update

Our Top 20 Dividend Stocks portfolio gained 1.7% in December and returned about 20% in 2019, trailing the S&P 500 and Schwab's Dividend ETF (SCHD) which surged 31% and 27%, respectively.

Given our defensive tilt, I don't expect our portfolio to keep up during periods of major market strength. Our portfolio's monthly returns have recorded 18% less volatility than the market's returns, helping our performance the most during periods of market weakness.

Since inception in June 2015 the portfolio has returned 74.6% and remains ahead of the S&P 500 (68.2%) and Schwab's Dividend ETF (68.7%).

Our top holdings in December were **Cisco** (+9%), **American Tower** (+8%), and **Accenture** (+6%).

Cisco rebounded after selling off in November following Cisco's guidance calling for a 3% to 5% sales decline next quarter. The tech hardware maker blamed a pause in customer spending tied to political and economic concern. With the US and China agreeing on a phase one trade deal to be signed in January, investors may be hopeful that Cisco's outlook will improve.

American Tower raised its payout by 6.3%. The tower REIT last reported earnings on October 31 and continues enjoying strong growth as wireless carriers invest in their networks to meet growing mobile data usage and prepare for 5G.

Accenture reported earnings on December 19. Organic sales grew 9%, margins expanded, and earnings rose 8%. In fiscal 2020 the firm expects revenue growth of 6% to 8% and mid-single digit EPS growth.

Only one of our holdings declined in December – **Boeing** (-7%).

Boeing said on December 17 it would temporarily suspend production of its grounded bestselling plane model, the 737 MAX. Boeing previously believed it could resume MAX deliveries to customers in December, but the FAA said approval is now unlikely until at least January. Suspending production will help Boeing's liquidity since the firm will no longer be pouring money into making and storing jets. The company also kept its dividend frozen to preserve capital.

We analyzed this news and are keeping Boeing on a short leash. It's possible that all of this is behind the company by the end of next year. But there's risk that Boeing's troubles run deeper and could prevent regulators from approving a timely return to service, resulting in greater short-term pain and pressure on the dividend.

Boeing will provide a financial update related to its production suspension when it releases earnings in late January. We will know more soon and provide updates as necessary.

Dividend Events
Three of our holdings announced dividend increases during the last month. Our portfolio has recorded 96 dividend increases since inception in June 2015 and has not experienced any dividend cuts.

American Tower raised its dividend by 6.3%. The tower REIT has increased its dividend every year since it started making payouts in 2011 and targets 20% annual dividend growth.

Dominion Energy lifted its payout by 2.5%, marking its 17th consecutive year of dividend increases.

C.H. Robinson increased its dividend by 2%, recording its 25th straight year of raises.

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), C.H. Robinson (CHRW), and Wells Fargo (WFC).

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

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

Dividend Review
Dividend Safety Score: 86 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 3.26%

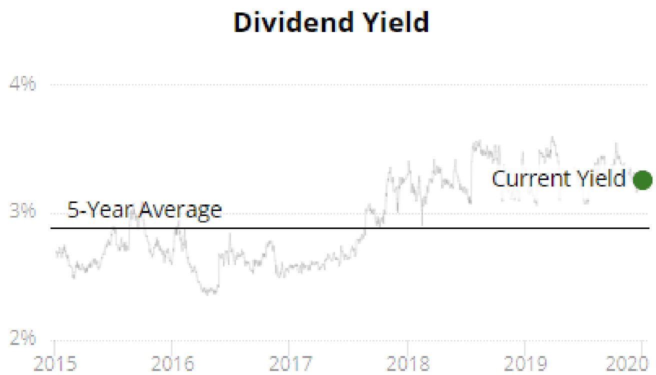
Omnicom has paid uninterrupted dividends since its founding in 1986 and boosted its dividend each year since 2010. Management announced an 8.3% dividend increase in February 2019, and the dividend has plenty of room for continued growth given Omnicom's payout ratio near 40%, healthy balance sheet, and consistent earnings growth.

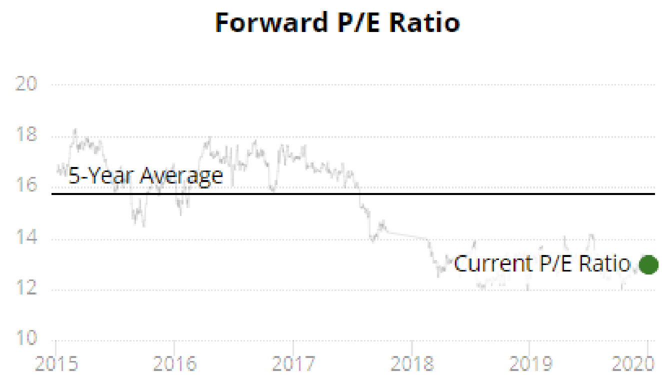
Recent News
No update. Omnicom reported earnings on October 15. Organic revenue grew 2.2% (including continued positive growth of 2.7% in its core U.S. market), and margins expanded 40 basis points. The company continues performing well, fueled in part by solid net new business gains recorded last year.

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 13.0 and its dividend yield was 3.26% as of 1/2/20.





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: 92 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 2.62%

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).

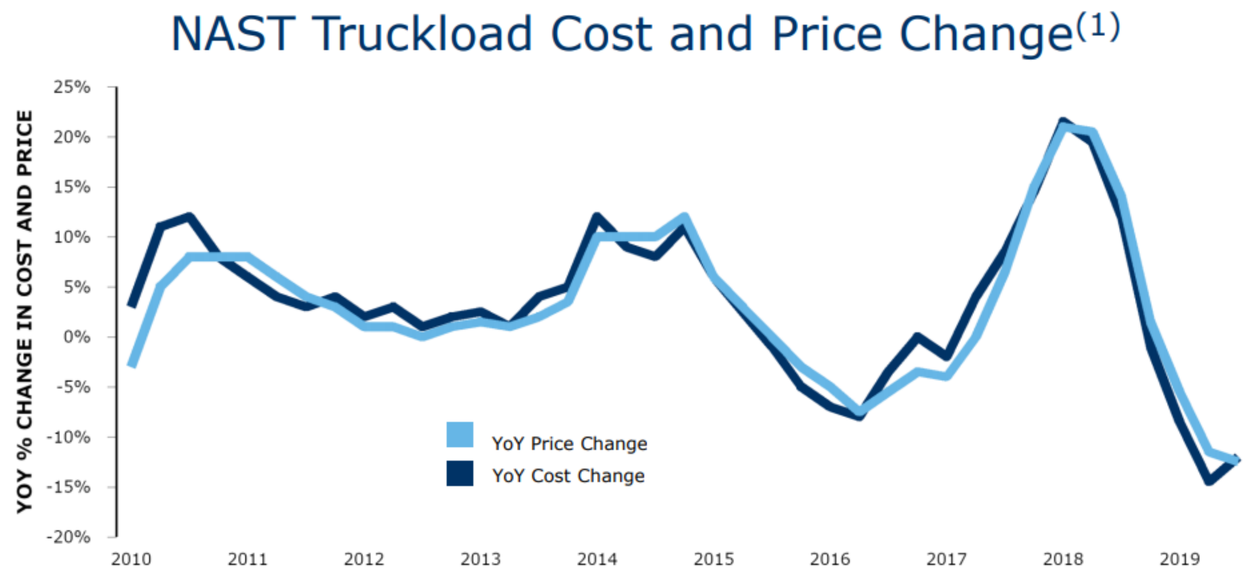
For example, C.H. Robinson grew its earnings during the financial crisis and continued generating strong free cash flow despite a 12% drop in revenue. The business has consistently earned a high return on invested capital near 30% and maintains a very healthy balance sheet as well.

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% over time.

Recent News

No update. C.H. Robinson shares plunged 15% following its earnings report on October 29. Management had expected a soft freight environment, but conditions were worse than investors had feared. Net revenues fell 8.7%, EPS declined 14%, and margins contracted. CHRW's volume also was down as it chose to remain disciplined on pricing rather than chase deals on unfavorable terms.

While this is a spread business (CHRW keeps some of the difference between the rates it charges shippers and the rates it pays transportation companies), margins can still be somewhat volatile. As you can see below, the firm's cost to buy trucking capacity did not fall as quickly as shipping prices.



About 70% of C.H. Robinson's revenue is backed by contracted rates with trucking companies, which take longer to adjust to current spot rates (the contracts need to expire until they can renew at the market's lower prices).

After the trucking industry experienced a shortage of supply to meet demand for much of 2018, the industry added too much trucking capacity. Meanwhile, shipping demand has slowed in light of the trade war and increased economic uncertainty, resulting in an unusually big swing in the freight environment.

Investors were disappointed by C.H. Robinson's sensitivity to cyclical swings in the industry. The company's increased tech spending to stay competitive also makes it more difficult for the firm to protect its short-term profits.

With ongoing fears of new players such as Amazon entering the truck brokerage industry and undercutting market prices, it's not surprising to see an earnings report like this spook the market. However, I believe C.H. Robinson is primarily dealing with short-term cyclical challenges rather than major structural issues that could impair its long-term earning power.

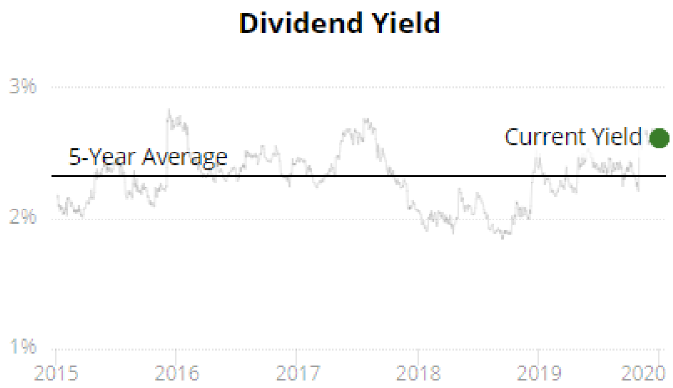
The markets C.H. Robinson competes in are large and fragmented (no single player sets prices). Despite being the largest freight broker in North America, the company is no more than 3% of the overall market in any one of the spaces it competes in (truckload, ocean, air, less than truckload, etc.).

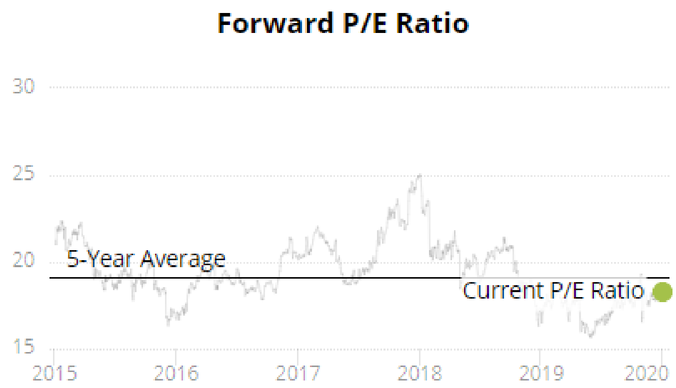
The U.S. third-party logistics brokerage market is also forecast to grow 10% annually between 2018 and 2022. While C.H. Robinson delivers an average of over three services to each of its top 500 clients (100% retention rate over the past year), the business appears to have plenty of opportunities to continue expanding its services and market share, almost across the board.

The firm's tech investments could make the next year more challenging as management expects the freight environment to remain weak through at least the first half of 2020, but they should also help the company remain very competitive and take share. Smaller rivals don't have the luxury of investing $200 million annually in technology.

CHRW's stock could remain weak until industry fundamentals start showing signs of recovery, but I believe today's valuation is reasonable for long-term investors who continue believing in the brokerage industry's long-term future and C.H. Robinson's leading position being maintained.

Valuation
CHRW's forward P/E ratio was 18.3 and its dividend yield was 2.62% as of 1/2/20.





Wells Fargo (WFC): Wells Fargo is one of the largest banks in the country. The company generates over $80 billion in annual sales and is well diversified with 90 different business lines covering banking, insurance, investment, mortgage, and consumer and commercial finance services.

Wells Fargo's revenue is split nearly equally between traditional loan-making, which generates net interest income from a mix of commercial and consumer loans, and non-interest income from brokerage advisory services, commissions, mortgage originations, card feeds, deposit service charges, and more.

Unlike many of its peers, Wells Fargo has little exposure to investment banking and trading operations and remains focused on simply lending businesses and fee income.

Competitive Advantages

The company conservatively manages its loan book, derives advantages from its low-cost deposit base, and is diversified across a number of banking services to help provide earnings stability. As one of the largest and most efficient banks in the country, Wells Fargo is able to earn higher returns on its assets than its peers. Our full investment thesis on Wells Fargo can be seen here.

Dividend Review

Dividend Safety Score: 79 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 3.83%

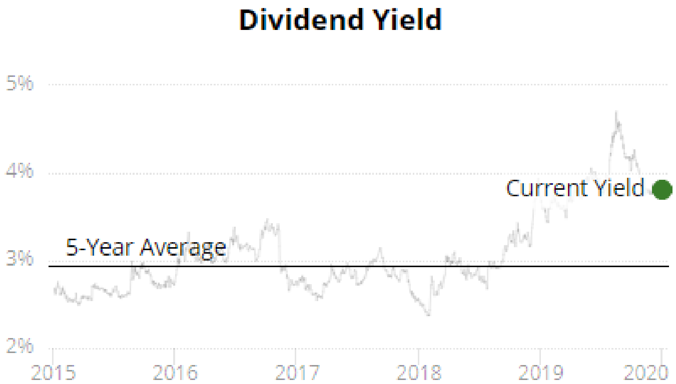
Wells Fargo raised its dividend by 13% in July and has maintained an earnings payout ratio below 50% each year over the past decade. While the business did cut its dividend during the financial crisis, banks are under much stricter capital requirements today and, generally speaking, many appear to have above-average dividend safety. Simply put, banks are much safer, better capitalized, and more streamlined than they were before the financial crisis.

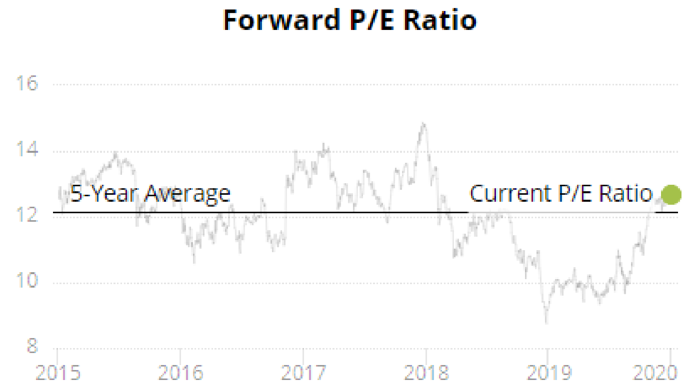
Recent News

No update. Wells Fargo reported earnings on October 15. The bank's fundamentals remain stable, with a net charge-off rate near historic lows, a strong capital position, and growth in deposits and loans. Wells Fargo also named a new CEO in September, improving its long-term turnaround prospects as the bank continues working to repair its image with regulators and customers. You can read our analysis of the hire here.

Valuation

WFC's forward P/E ratio was 12.6 and its dividend yield was 3.80% as of 1/2/20.





Stocks to Consider Selling

None.

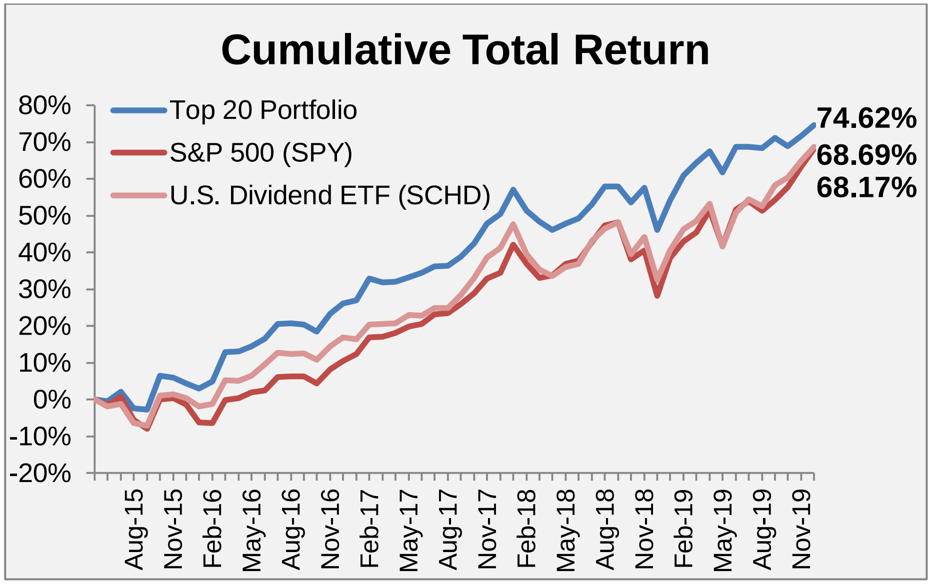
Top 20 Dividend Stocks – Portfolio Actions

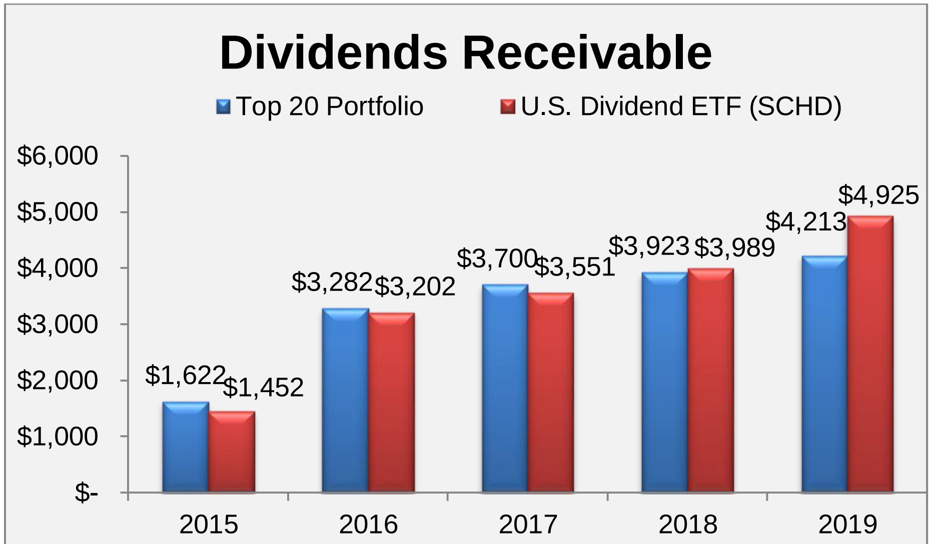
Data as of 1/2/20

Ticker	Name	Fwd P/E Ratio	Dividend Yield	Safety Score	Price Volatility	Entry Date	Shares Owned	% of Portfolio	Cost per Share	Last Price	Cost Basis	Market Value	Total Return	S&P 500 Return	Relative Return
Possible Buying Opportunities															
OMC	Omnicom Group	13.0	3.26%	86	Low	06-24-15	70	3.3%	$70.94	$81.02	$4,965.80	$5,671.40	27.2%	64.9%	-37.7%
CHRW	C.H. Robinson Worldwide	18.3	2.62%	92	Low	09-06-16	88	4.0%	$70.58	$78.20	$6,211.04	$6,881.60	19.4%	56.5%	-37.1%
WFC	Wells Fargo & Company	12.6	3.80%	79	Average	02-29-16	105	3.2%	$46.92	$53.80	$4,926.60	$5,649.00	27.9%	78.2%	-50.3%
Long-term Holds															
VZ	Verizon Communications	12.4	4.03%	87	Very Low	06-30-15	107	3.8%	$46.61	$61.40	$4,987.27	$6,569.80	53.5%	68.7%	-15.1%
AMT	American Tower Corporation (REIT	27.4	1.77%	78	Very Low	04-03-17	55	7.3%	$120.49	$229.82	$6,626.95	$12,640.10	96.5%	44.2%	52.3%
PEP	PepsiCo	23.4	2.81%	93	Low	07-10-15	52	4.1%	$95.55	$136.67	$4,968.60	$7,106.84	57.8%	67.3%	-9.6%
ACN	Accenture plc	26.3	1.52%	92	Average	07-06-15	52	6.3%	$97.31	$210.57	$5,060.12	$10,949.64	127.2%	67.9%	59.2%
MMM	3M Company	19.3	3.20%	75	High	07-24-15	34	3.4%	$149.33	$176.42	$5,077.22	$5,998.28	35.5%	66.9%	-31.4%
GM	General Motors Company	7.4	4.07%	61	High	07-21-15	164	3.4%	$30.39	$36.60	$4,983.96	$6,002.40	45.4%	64.0%	-18.6%
KMB	Kimberly-Clark Corporation	19.0	3.03%	88	Very Low	11-07-16	55	4.3%	$113.34	$137.55	$6,233.70	$7,565.25	30.5%	60.3%	-29.8%
D	Dominion Energy	18.6	4.48%	75	Very Low	11-07-17	61	2.9%	$80.63	$82.82	$4,918.43	$5,052.02	10.3%	30.3%	-20.0%
BA	Boeing Company	23.6	2.47%	60	High	07-10-15	22	4.1%	$144.48	$325.76	$3,178.56	$7,166.72	149.3%	67.3%	82.0%
CMI	Cummins	13.9	2.92%	98	High	07-09-15	39	4.0%	$127.77	$178.96	$4,983.03	$6,979.44	55.6%	69.4%	-13.8%
EMR	Emerson Electric Co.	21.3	2.58%	78	High	08-04-15	100	4.4%	$49.62	$76.26	$4,962.00	$7,626.00	73.6%	65.8%	7.8%
CSCO	Cisco Systems	14.9	2.89%	91	High	06-06-16	214	5.9%	$29.15	$47.96	$6,238.10	$10,263.44	82.4%	62.7%	19.7%
CB	Chubb Limited	14.5	1.92%	99	Low	06-26-15	48	4.3%	$103.47	$155.66	$4,966.56	$7,471.68	63.8%	65.5%	-1.7%
ADP	Automatic Data Processing	26.9	2.14%	97	Average	06-29-15	61	6.0%	$80.91	$170.50	$4,935.51	$10,400.50	124.8%	69.0%	55.8%
BR	Broadridge Financial Solutions	23.8	1.75%	75	Average	06-22-15	95	6.7%	$52.65	$123.54	$5,001.75	$11,736.30	148.4%	63.8%	84.5%
MO	Altria Group	11.3	6.82%	55	Low	07-15-15	99	2.8%	$51.23	$49.91	$5,071.77	$4,941.09	20.1%	64.8%	-44.7%
ED	Consolidated Edison	19.8	3.33%	90	Very Low	07-02-15	84	4.4%	$59.14	$90.47	$4,967.76	$7,599.48	71.5%	67.5%	4.0%
Cash (Includes Dividends Receivable)								11.7%				$20,350.41			
Portfolio Total		**17.3**	**2.83%**	**82**	**Low**			**100%**				**$174,621**	**74.6%**	**68.2%**	**6.5%**

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





Portfolio's Trailing 12 Month Dividend Growth Rate: 7.4%

Monthly Return	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
Portfolio	1.94%	-3.44%	4.35%	0.00%	-0.20%	1.58%	-1.30%	1.67%	1.69%
S&P 500	4.07%	-6.38%	6.96%	1.50%	-1.67%	1.95%	2.20%	3.62%	2.90%
SCHD ETF	3.21%	-7.60%	6.44%	2.46%	-1.30%	3.78%	1.35%	2.83%	2.27%
Portfolio Value	$167,531.20	$161,767.14	$168,810.11	$168,806.81	$168,465.05	$171,118.40	$168,886.56	$171,713.99	$174,621.39

Since Inception

Cumulative	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
Portfolio	67.53%	61.77%	68.81%	68.81%	68.47%	71.12%	68.89%	71.71%	74.62%
S&P 500	51.45%	41.79%	51.66%	53.95%	51.37%	54.32%	57.72%	63.43%	68.17%
SCHD ETF	53.32%	41.67%	50.79%	54.50%	52.49%	58.27%	60.40%	64.94%	68.69%

Annualized	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
Portfolio	14.20%	12.88%	13.81%	13.49%	13.16%	13.29%	12.68%	12.86%	13.02%
S&P 500	11.28%	9.19%	10.84%	10.99%	10.32%	10.61%	10.94%	11.62%	12.08%
SCHD ETF	11.63%	9.17%	10.68%	11.09%	10.52%	11.26%	11.37%	11.85%	12.16%

Top 20 Dividend Stocks – Payment Schedule

Data as of 1/2/20

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	1.5%	41%	0.80	Feb, May, Aug, Nov	01-15-20	Mid Aug	42%	9%	15%
ADP	2.1%	57%	0.91	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	21%	10%	9%
AMT	1.8%	43%	1.01	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	20%	23%	N/A
BA	2.5%	184%	2.06	Mar, Jun, Sept, Dec	02-13-20	Early June	20%	23%	17%
BR	1.7%	44%	0.54	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	11%	15%	14%
CB	1.9%	30%	0.75	Jan, Apr, Jul, Oct	Mid Mar	Mid Apr	3%	3%	10%
CHRW	2.6%	42%	0.51	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	4%	6%	8%
CMI	2.9%	30%	1.31	Mar, Jun, Sept, Dec	Mid Feb	Early Mar	10%	12%	21%
CSCO	2.9%	43%	0.35	Jan, Apr, Jul, Oct	01-02-20	Late Apr	10%	14%	N/A
ED	3.3%	69%	0.74	Mar, Jun, Sept, Dec	Mid Feb	Mid Mar	3%	3%	2%
EMR	2.6%	55%	0.50	Mar, Jun, Sept, Dec	Mid Feb	Mid Mar	1%	3%	4%
D	4.5%	91%	0.92	Mar, Jun, Sept, Dec	Early Mar	Late Mar	10%	9%	8%
GM	4.1%	25%	0.38	Mar, Jun, Sept, Dec	Early Mar	Mid Mar	0%	N/A	25%
KMB	3.0%	60%	1.03	Jan, Apr, Jul, Oct	Early Mar	Early Apr	3%	4%	6%
MMM	3.2%	61%	1.44	Mar, Jun, Sept, Dec	Late Feb	Mid Mar	6%	11%	11%
MO	6.8%	78%	0.84	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	9%	10%	10%
OMC	3.3%	43%	0.65	Jan, Apr, Jul, Oct	Mid Mar	Mid Apr	8%	6%	16%
PEP	2.8%	68%	0.96	Jan, Apr, Jul, Oct	Early Mar	Early Apr	6%	8%	8%
VZ	4.0%	77%	0.62	Feb, May, Aug, Nov	01-09-20	Early May	2%	2%	3%
WFC	3.8%	38%	0.51	Mar, Jun, Sept, Dec	Early Feb	Early Mar	17%	7%	15%
Average	2.8%	59%					10%	9%	11%

How to Use the Table

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

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

Conservative Retirees

Portfolio Update

Portfolio Statistics

Dividend Yield:	3.3%
Fwd P/E Ratio:	17.9
Beta:	0.58
Dividend Safety:	80
1-yr Sales Growth:	3.5%
1-yr EPS Growth:	2.0%

Performance Update

12/31/19	Dec	All
Portfolio	2.4%	68.3%
S&P 500	2.9%	67.7%
SPHD	2.6%	62.5%

Dividend Increases:	126
Dividend Decreases:	0

Portfolio Objective

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

Return Drivers

Total return is expected to be composed of:

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

Investment Philosophy

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

Portfolio Turnover

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

Performance Update

Our Conservative Retirees portfolio gained 2.4% in December, roughly keeping pace with the S&P 500 and Invesco's High Dividend Low Volatility ETF (SPHD).

Our portfolio returned about 23% in 2019, trailing the S&P 500 but outperforming SPHD by about 2%.

We have a defensive tilt given our focus on capital preservation (our monthly total returns have been 25% less volatile than the market's), so our portfolio is not expected to keep pace during periods of major market strength. Steadier returns make it easier to stay the course through turbulent times.

Since inception in June 2015, our portfolio has returned 68.3%, which is about in line with the S&P 500 (67.7%) and ahead our ETF benchmark (62.5%).

We have also avoided all dividend cuts while recording over 125 dividend increases, continuing to meet our objective of delivering safe and growing income each year.

Our best performers last month were **Cisco** (+9%), **Crown Castle** (+7%), and **Intel** (+7%).

Cisco rebounded after selling off in November following Cisco's guidance calling for a 3% to 5% sales decline next quarter. The tech hardware maker blamed a pause in customer spending tied to political and economic concern. With the US and China agreeing on a phase one trade deal to be signed in January, investors may be hopeful that Cisco's outlook will improve.

Crown Castle's rally was driven in part by continued uncertainty over whether or not a merger of T-Mobile and Sprint will be allowed by regulators. A combination could lead to equipment consolidation on some of Crown Castle's wireless towers, though the firm's long-term outlook should remain solid as mobile data usage continues growing.

No new news was out on **Intel**, which rallied with the broader semiconductor industry, in part driven by progress on China-U.S. trade talks. The firm last reported earnings on October 24. Sales set a new record, management raised guidance, and Intel's data businesses (nearly half of revenue) turned in their best performance ever.

Our worst performing stocks in December were **National Retail Properties** (-3%), **W.P Carey** (0%), and **General Mills** (0%).

The real estate sector was relatively weak in December, helping explain the soft performance of **National Retail** and **W.P. Carey**. These businesses remain fundamentally strong but investors have rotated into more economically-sensitive stocks given the improving outlook for global growth.

General Mills reported earnings and reaffirmed guidance on December 18. The stock remains a long-term hold.

Dividend Events
Six of our holdings increased their dividends during the last month. Our portfolio has recorded 126 dividend increases since inception in June 2015 and has not experienced any dividend cuts.

WEC Energy increased its dividend by 7.2%. The regulated utility has raised its payout for 16 consecutive years.

Waste Management raised its dividend by 6.3% and has increased its dividend each year since 2004.

Pfizer lifted its payout by 5.6% and has paid higher dividends every year since 2010.

Dominion Energy lifted its payout by 2.5%, marking its 17th consecutive year of dividend increases.

AT&T nudged its dividend higher by 2%, recording its 36th consecutive annual increase.

W.P. Carey increased its dividend by 0.2% and has delivered consecutive annual dividend increases since going public in 1998.

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 holdings look interesting to me today: ExxonMobil (XOM), Philip Morris (PM), and Wells Fargo (WFC).

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: 70 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 4.91%

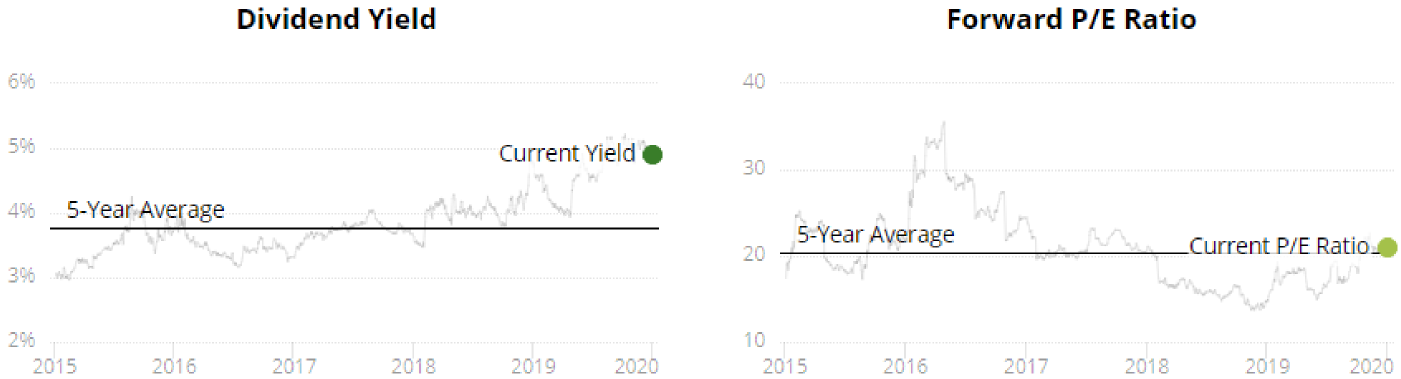
Exxon has paid an uninterrupted quarterly dividend since 1882 and has increased its payout for more than 30 consecutive years. While Exxon's dividend grew nearly 9% annually over the past decade, payout growth has slowed in recent years thanks to the crash in oil prices. With the price of oil recovering somewhat, the company announced a 6.1% dividend increase in April 2019. If energy prices become depressed indefinitely, Exxon will arguably be the last company still standing and paying dividends.

Recent News

No update. Exxon reported earnings on November 1. Oil-equivalent production grew 3% as management invested heavily in the U.S. Permian basin, helping offset some softness in its downstream and chemical divisions. 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. We discussed Exxon's dividend safety and growth plans in late October here.

Valuation

XOM's forward P/E ratio was 21.0 and its dividend yield was 4.91% as of 1/2/20. 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.



Philip Morris International (PM): Philip Morris spun off from Altria in 2008, with Altria serving the U.S. and Philip Morris owning the international rights to all of Altria's most famous brands, most notably Marlboro (the No. 1 cigarette brand in the world). Philip Morris markets its cigarette brands to more than 150 million customers in over 180 countries and has close to 30% international market share (excluding China and the U.S.).

Geographically, the European Union (35% of sales, 36% of income) and Asia (29% of sales, 39% of income) are the company's most important regions, followed by Eastern Europe, Middle East and Africa (23% of sales, 27% of income) and Latin American and Canada (13% of sales, 10% of income).

While traditional tobacco products still generate the vast majority of the company's profits, reduced-risk products, or RRPs, now account for nearly 20% of sales and are growing rapidly (by 2025 management aspires for RRPs to account for 40% of the firm's revenue).

Competitive Advantages

Philip Morris enjoys the No. 1 or No. 2 market share position in most of the countries it competes in. The firm's dominance is driven by the strength of its brand portfolio, which also results in excellent pricing power thanks to its focus on the premium end of the market. Combined with the extremely low capital intensity of cigarette manufacturing, this business is the definition of a cash cow.

While cigarette consumption is in secular decline, the company has more than offset lower volumes with higher prices. Philip Morris has also been the most proactive company when it comes to investing for the future. Since 2008 the firm has invested $6 billion in R&D, with the majority of that spending focused on smoke-free offerings. Management expects 38% to 42% of firm-wide revenue to come from smoke-free offerings by 2025 (up from nearly 20% in 2019), positioning Philip Morris as the global leader in cigarette alternatives. Our full investment thesis on Philip Morris can be seen here.

Dividend Review
Dividend Safety Score: 64 5-Year Dividend Growth Rate: 5% per year Dividend Yield: 5.49%

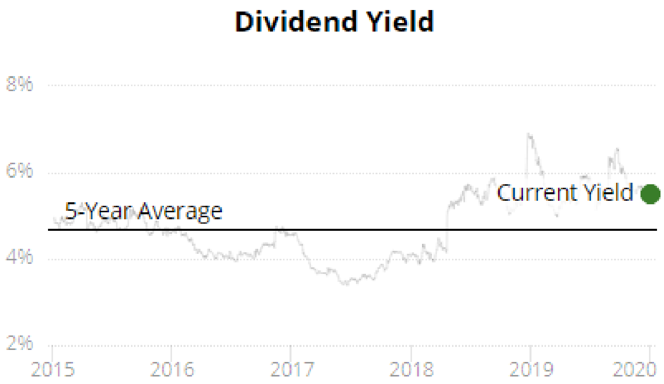
Philip Morris raised its dividend by 2.6% in September and has increased its payout each year since becoming an independent company in 2008. The tobacco industry generates very stable cash flow thanks to the addictive nature of its products and its capital-light nature. These factors allow Philip Morris to safely maintain a payout ratio above 80%. Combined with the firm's strong balance sheet (investment-grade credit rating), geographical diversification (not overly exposed to any country's regulations or consumer trends), and leading investments in next-generation products, the company seems likely to continue paying reliable dividends for the foreseeable future.

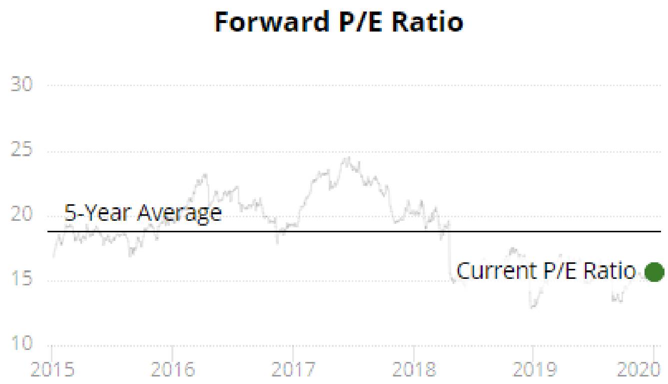
Recent News
No update. Philip Morris reported earnings on October 17. Adjusted EPS grew 5.9%, IQOS gained market share, cigarette volumes were down a manageable 5.9%, and management is optimistic that U.S. vaping challenges will increase the appeal of IQOS in America.

Previously, on September 25 Philip Morris ended merger discussions with Altria, removing some uncertainty from the company's long-term outlook (the firm's U.S. exposure would have increased from 0% to nearly 40% of net revenues). You can read our full take on the situation here.

The firm's leading technology investments (smoke-free products expected to reach 40% of net revenue by 2025, up from 0.2% in 2015 and nearly 20% last quarter), geographical diversification (more than 70% of its total volume is derived in emerging markets), and lack of exposure to the dynamic U.S. market seem likely to keep Philip Morris on steady ground as the global tobacco market continues evolving.

Valuation
PM's forward P/E ratio was 15.6 and its dividend yield was 5.49% as of 1/2/20.





Wells Fargo (WFC): Wells Fargo is one of the largest banks in the country. The company generates over $80 billion in annual sales and is well diversified with 90 different business lines covering banking, insurance, investment, mortgage, and consumer and commercial finance services.

Wells Fargo's revenue is split nearly equally between traditional loan-making, which generates net interest income from a mix of commercial and consumer loans, and non-interest income from brokerage advisory services, commissions, mortgage originations, card feeds, deposit service charges, and more. Unlike many of its peers, Wells Fargo has little exposure to investment banking and trading operations and remains focused on simply lending businesses and fee income.

Competitive Advantages

The company conservatively manages its loan book, derives advantages from its low-cost deposit base, and is diversified across a number of banking services to help provide earnings stability. As one of the largest and most efficient banks in the country, Wells Fargo is able to earn higher returns on its assets than its peers. Our full investment thesis on Wells Fargo can be seen here.

Dividend Review

Dividend Safety Score: 79   5-Year Dividend Growth Rate: 6% per year   Dividend Yield: 3.80%

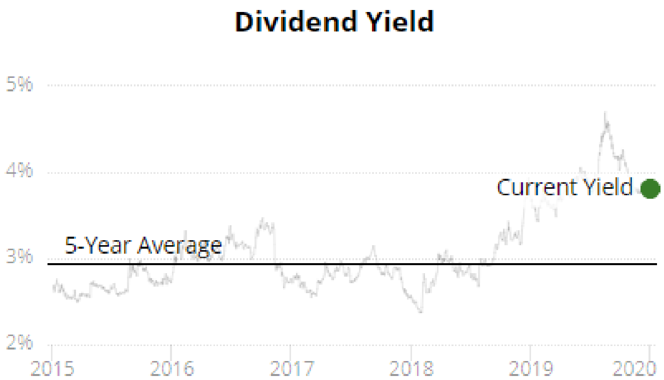
Wells Fargo raised its dividend by 13% in July and has maintained an earnings payout ratio below 50% each year over the past decade. While the business did cut its dividend during the financial crisis, banks are under much stricter capital requirements today and, generally speaking, many appear to have above-average dividend safety. Simply put, banks are much safer, better capitalized, and more streamlined than they were before the financial crisis.

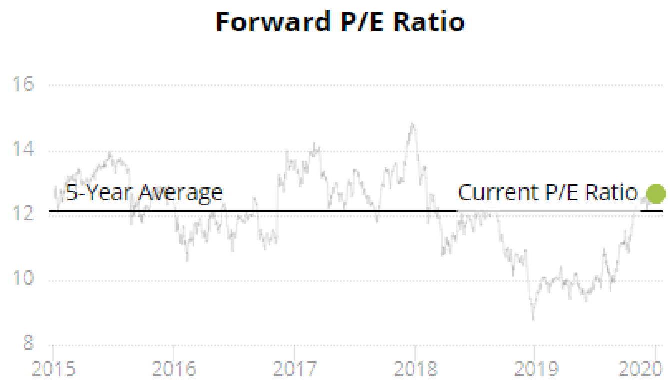
Recent News

No update. Wells Fargo reported earnings on October 15. The bank's fundamentals remain stable, with a net charge-off rate near historic lows, a strong capital position, and growth in deposits and loans. Wells Fargo also named a new CEO in September, improving its long-term turnaround prospects as the bank continues working to repair its image with regulators and customers. You can read our analysis of the hire here.

Valuation

WFC's forward P/E ratio was 12.6 and its dividend yield was 3.80% as of 1/2/20.





Stocks to Consider Selling

None.

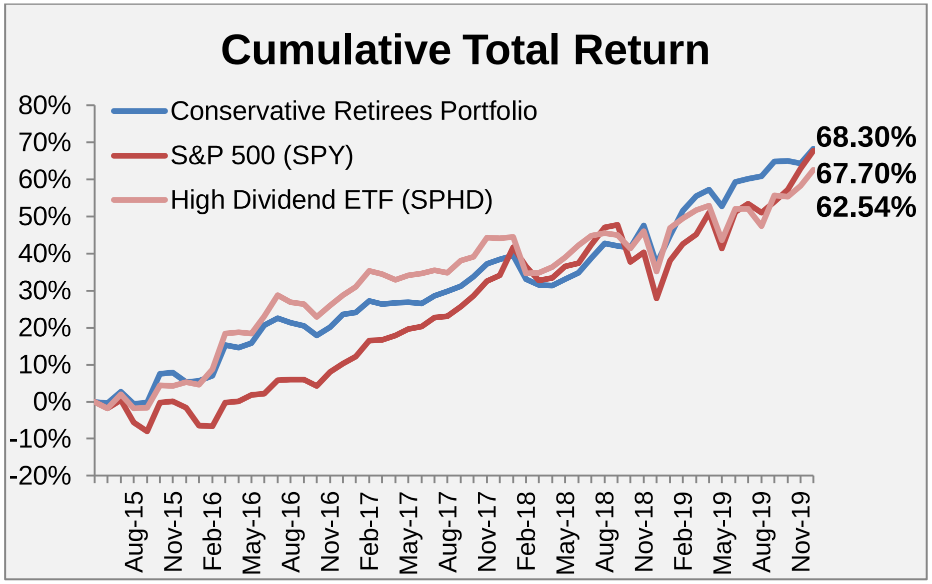
Conservative Retirees Portfolio – Portfolio Actions

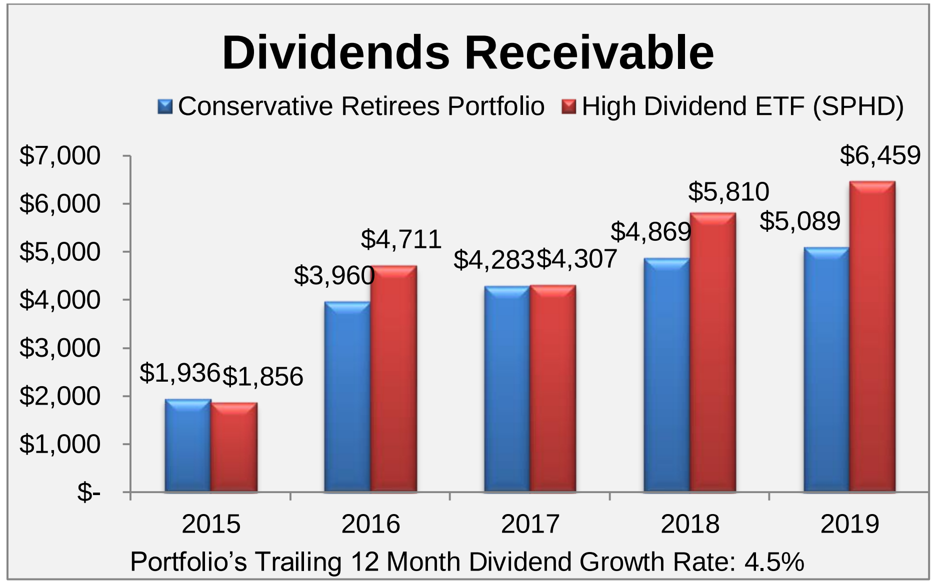
Data as of 1/2/20

Ticker	Name	Fwd P/E Ratio	Dividend Yield	Safety Score	Price Volatility	Entry Date	Shares Owned	% of Portfolio	Cost per Share	Last Price	Cost Basis	Market Value	Total Return	S&P 500 Return	Relative Return
Possible Buying Opportunities															
XOM	Exxon Mobil Corporation	21.0	4.91%	70	Average	07-31-15	50	2.1%	$79.29	$69.78	$3,964.50	$3,489.00	7.4%	64.9%	-57.5%
PM	Philip Morris International	15.6	5.49%	64	Low	06-19-15	50	2.5%	$82.66	$85.09	$4,133.00	$4,254.50	27.8%	65.2%	-37.3%
WFC	Wells Fargo & Company	12.6	3.80%	79	Average	12-31-15	74	2.4%	$54.33	$53.80	$4,020.42	$3,981.20	11.0%	69.2%	-58.1%
Long-term Holds															
CCI	Crown Castle International	22.8	3.39%	61	Very Low	11-07-17	40	3.4%	$111.51	$142.15	$4,460.40	$5,686.00	35.6%	30.3%	5.4%
UPS	United Parcel Service	14.7	3.29%	69	High	03-05-18	26	1.8%	$105.01	$117.06	$2,730.26	$3,043.56	16.6%	23.3%	-6.7%
PFE	Pfizer	14.1	3.88%	75	Low	04-03-17	167	3.9%	$34.20	$39.18	$5,711.40	$6,543.06	25.3%	44.2%	-18.9%
PG	Procter & Gamble Company	24.5	2.42%	99	Low	07-01-15	50	3.7%	$79.72	$124.90	$3,986.00	$6,245.00	70.5%	67.3%	3.2%
T	AT&T	10.7	5.35%	65	Low	11-07-17	80	1.9%	$32.80	$39.08	$2,624.00	$3,126.40	29.7%	30.3%	-0.5%
PSA	Public Storage	21.1	3.78%	96	Very Low	03-05-18	14	1.8%	$195.75	$212.96	$2,740.50	$2,981.44	15.2%	23.3%	-8.1%
GM	General Motors Company	7.4	4.07%	61	High	07-21-15	131	2.9%	$30.39	$36.60	$3,981.09	$4,794.60	45.4%	64.0%	-18.6%
KMB	Kimberly-Clark Corporation	19.0	3.03%	88	Very Low	08-07-17	42	3.4%	$120.99	$137.55	$5,081.58	$5,777.10	20.2%	36.4%	-16.3%
WPC	W. P. Carey	15.8	5.26%	73	Very Low	03-05-18	46	2.2%	$60.29	$80.04	$2,773.34	$3,681.84	43.6%	23.3%	20.3%
NNN	National Retail Properties	18.1	3.93%	95	Very Low	06-26-15	111	3.5%	$35.74	$53.62	$3,967.14	$5,951.82	70.3%	65.5%	4.9%
JNJ	Johnson & Johnson	16.6	2.60%	99	Low	06-25-15	40	3.5%	$99.12	$145.87	$3,964.80	$5,834.80	62.7%	65.4%	-2.8%
DUK	Duke Energy Corporation	18.1	4.18%	80	Very Low	03-05-18	35	1.9%	$75.83	$91.21	$2,654.05	$3,192.35	25.0%	23.3%	1.7%
D	Dominion Energy	18.6	4.48%	75	Very Low	11-07-17	50	2.5%	$80.63	$82.82	$4,031.50	$4,141.00	10.3%	30.3%	-20.0%
GIS	General Mills	15.2	3.76%	69	Very Low	06-17-15	73	2.3%	$55.25	$53.56	$4,033.25	$3,909.88	9.9%	65.3%	-55.4%
VZ	Verizon Communications	12.4	4.03%	87	Very Low	06-30-15	85	3.1%	$46.61	$61.40	$3,961.85	$5,219.00	53.5%	68.7%	-15.1%
WEC	WEC Energy Group	27.6	2.79%	87	Very Low	03-05-18	48	2.6%	$59.41	$92.23	$2,851.68	$4,427.04	55.5%	23.3%	32.2%
CSCO	Cisco Systems	14.9	2.89%	91	High	06-06-16	175	5.0%	$29.15	$47.96	$5,101.25	$8,393.00	82.4%	62.7%	19.7%
AEP	American Electric Power	22.2	3.00%	81	Very Low	06-19-15	73	4.1%	$54.47	$94.51	$3,976.31	$6,899.23	91.8%	65.2%	26.6%
MCD	McDonald's Corporation	24.2	2.49%	77	Very Low	07-07-15	41	4.8%	$96.68	$197.61	$3,963.88	$8,102.01	126.4%	66.9%	59.5%
PPL	PPL Corporation	14.1	4.66%	75	Very Low	07-13-15	129	2.8%	$30.97	$35.88	$3,995.13	$4,628.52	37.4%	65.5%	-28.1%
INTC	Intel Corporation	13.1	2.07%	96	High	07-15-15	100	3.6%	$29.69	$59.85	$2,969.00	$5,985.00	122.0%	64.8%	57.1%
ED	Consolidated Edison	19.8	3.33%	90	Very Low	07-02-15	67	3.6%	$59.14	$90.47	$3,962.38	$6,061.49	71.5%	67.5%	4.0%
PAYX	Paychex	26.6	2.91%	61	Average	07-28-15	87	4.4%	$46.61	$85.06	$4,055.07	$7,400.22	102.2%	65.9%	36.3%
WM	Waste Management	25.4	1.79%	74	Low	07-13-15	83	5.6%	$47.93	$113.96	$3,978.19	$9,458.68	155.0%	65.5%	89.5%
SYY	Sysco Corporation	21.8	2.13%	92	Low	07-23-15	112	5.7%	$36.14	$85.54	$4,047.68	$9,580.48	151.7%	65.2%	86.5%
EMR	Emerson Electric Co.	21.3	2.58%	78	High	08-04-15	80	3.6%	$49.62	$76.26	$3,969.60	$6,100.80	73.6%	65.8%	7.8%
Cash (Includes Dividends Receivable)								5.6%				$9,412.48			
Portfolio Total		**17.9**	**3.28%**	**80**	**Low**			**100%**				**$168,301**	**68.3%**	**67.7%**	**0.6%**

<u>How to Use the Table:</u> 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	**Apr 2019**	**May 2019**	**Jun 2019**	**Jul 2019**	**Aug 2019**	**Sep 2019**	**Oct 2019**	**Nov 2019**	**Dec 2019**
Portfolio	1.10%	-2.83%	4.32%	0.49%	0.41%	2.54%	0.07%	-0.40%	2.39%
S&P 500	4.07%	-6.38%	6.96%	1.50%	-1.67%	1.95%	2.20%	3.62%	2.90%
SPHD ETF	0.80%	-6.12%	5.95%	0.00%	-3.09%	5.61%	-0.23%	1.95%	2.64%
Portfolio Value	$157,241.87	$152,794.24	$159,390.18	$160,174.05	$160,829.02	$164,916.17	$165,039.83	$164,371.84	$168,301.50

Since Inception

Cumulative	**Apr 2019**	**May 2019**	**Jun 2019**	**Jul 2019**	**Aug 2019**	**Sep 2019**	**Oct 2019**	**Nov 2019**	**Dec 2019**
Portfolio	57.24%	52.79%	59.39%	60.17%	60.83%	64.92%	65.04%	64.37%	68.30%
S&P 500	51.04%	41.40%	51.25%	53.52%	50.95%	53.90%	57.28%	62.98%	67.70%
SPHD ETF	52.95%	43.59%	52.13%	52.13%	47.43%	55.70%	55.34%	58.37%	62.54%

Annualized	**Apr 2019**	**May 2019**	**Jun 2019**	**Jul 2019**	**Aug 2019**	**Sep 2019**	**Oct 2019**	**Nov 2019**	**Dec 2019**
Portfolio	12.40%	11.31%	12.25%	12.10%	11.96%	12.37%	12.13%	11.80%	12.14%
S&P 500	11.24%	9.15%	10.80%	10.96%	10.29%	10.57%	10.91%	11.59%	12.06%
SPHD ETF	11.56%	9.54%	10.93%	10.67%	9.64%	10.83%	10.56%	10.84%	11.25%

Conservative Retirees Portfolio – Payment Schedule

Data as of 1/2/20

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%	61%	0.70	Mar, Jun, Sept, Dec	Early Feb	Mid Mar	6%	5%	4%
CCI	3.4%	76%	1.20	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	10%	N/A	N/A
CSCO	2.9%	43%	0.35	Jan, Apr, Jul, Oct	01-02-20	Late Apr	10%	14%	N/A
ED	3.3%	69%	0.74	Mar, Jun, Sept, Dec	Mid Feb	Mid Mar	3%	3%	2%
EMR	2.6%	55%	0.50	Mar, Jun, Sept, Dec	Mid Feb	Mid Mar	1%	3%	4%
D	4.5%	91%	0.92	Mar, Jun, Sept, Dec	Early Mar	Late Mar	10%	9%	8%
GIS	3.8%	58%	0.49	Feb, May, Aug, Nov	01-09-20	Early May	0%	5%	9%
GM	4.1%	25%	0.38	Mar, Jun, Sept, Dec	Early Mar	Mid Mar	0%	N/A	25%
INTC	2.1%	27%	0.32	Mar, Jun, Sept, Dec	Early Feb	Early Mar	5%	7%	8%
JNJ	2.6%	42%	0.95	Mar, Jun, Sept, Dec	Late Feb	Mid Mar	6%	6%	7%
MCD	2.5%	59%	1.25	Mar, Jun, Sept, Dec	Late Feb	Mid Mar	9%	6%	10%
NNN	3.9%	74%	0.52	Feb, May, Aug, Nov	Late Jan	Mid Feb	4%	4%	3%
UPS	3.3%	51%	0.96	Mar, Jun, Sept, Dec	Mid Feb	Early Mar	5%	7%	8%
WEC	2.8%	67%	0.63	Mar, Jun, Sept, Dec	02-13-20	Early June	7%	9%	13%
WPC	5.3%	82%	1.04	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	2%	4%	8%
DUK	4.2%	75%	0.95	Mar, Jun, Sept, Dec	Mid Feb	Mid Mar	3%	4%	3%
PAYX	2.9%	83%	0.62	Feb, May, Aug, Nov	Late Jan	Late Feb	12%	10%	6%
PFE	3.9%	47%	0.38	Mar, Jun, Sept, Dec	01-30-20	Early June	6%	7%	6%
PG	2.4%	61%	0.75	Feb, May, Aug, Nov	Mid Jan	Mid Feb	4%	3%	6%
PM	5.5%	88%	1.17	Jan, Apr, Jul, Oct	Mid Mar	Mid Apr	3%	4%	8%
PPL	4.7%	68%	0.41	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	1%	2%	2%
KMB	3.0%	60%	1.03	Jan, Apr, Jul, Oct	Early Mar	Early Apr	3%	4%	6%
SYY	2.1%	43%	0.45	Jan, Apr, Jul, Oct	01-02-20	Late Apr	3%	6%	5%
T	5.4%	57%	0.52	Feb, May, Aug, Nov	01-09-20	Early May	2%	2%	2%
PSA	3.8%	82%	2.00	Mar, Jun, Sept, Dec	Mid Mar	Late Mar	0%	9%	14%
VZ	4.0%	77%	0.62	Feb, May, Aug, Nov	01-09-20	Early May	2%	2%	3%
WFC	3.8%	38%	0.51	Mar, Jun, Sept, Dec	Early Feb	Early Mar	17%	7%	15%
WM	1.8%	46%	0.51	Mar, Jun, Sept, Dec	Early Mar	Late Mar	10%	6%	6%
XOM	4.9%	101%	0.87	Mar, Jun, Sept, Dec	Early Feb	Mid Mar	6%	5%	8%
Average	3.3%	62%					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:	1.7%
Fwd P/E Ratio:	22.5
Beta:	0.89
Dividend Safety:	85
1-yr Sales Growth:	4.7%
1-yr EPS Growth:	7.0%

Performance Update

12/31/19	Dec	All
Portfolio	2.5%	84.7%
S&P 500	2.9%	69.4%
VIG ETF	2.2%	72.3%

Dividend Increases: 113
Dividend Decreases: 0

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

Return Drivers
Total return is expected to be composed of:

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

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

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

Performance Update

Our Long-term Dividend Growth portfolio gained 2.5% in December, about in line with the S&P 500 (SPY) and Vanguard's Dividend Appreciation ETF (VIG).

In 2019 our portfolio returned 25%, falling somewhat short of SPY and VIG's gains near 30%. However, since inception in June 2015, our portfolio has gained 84.7%, topping the S&P 500's 69.4% total return and VIG's 72.3% rise.

With our holdings' EPS rising nearly 10% over the last year, our outlook for dividend growth remains strong. In fact, our dividend income grew by 12.8% in 2019.

Our strongest stocks during the month of December were **Thor** (+17%), **American Tower** (+8%), and **MSC Industrial** (+7%).

Thor reported earnings on December 9. Despite a modest decrease in North American RV sales, Thor improved its gross margin, reduced its debt levels, and showed better operational results overall. RV dealers had too much inventory for most of the last year, but Thor expected inventory rationalization to be completed by the end of 2019, helping stabilize the market.

American Tower raised its dividend by 6.3% and issued its last earnings report on October 31. The tower REIT continues enjoying strong growth as wireless carriers invest in their networks to meet growing mobile data usage and prepare for 5G.

MSC Industrial announced plans to pay a $5 per share special dividend in January 2020, representing a yield of about 6%. However, this suggests MSC's growth opportunities could be limited. The stock is still a hold for now as we discussed in July.

Our weakest stocks in December were **International Flavor & Fragrances** (-8%), **Oracle** (-6%), and **FLIR Systems** (-3%).

International Flavors & Fragrances on December 15 announced plans to buy DuPont's nutrition business in a $26 billion deal, which would more than double the firm's size and increase its leverage. Management plans to maintain the dividend, but a deal of this magnitude increases IFF's financial and operational risk. We plan to hold our shares for now but are open to evaluating IFF against other stocks that have stronger dividend growth potential, healthier balance sheets, and less execution risk.

Oracle reported earnings on December 12. Revenue grew 1%, missing estimates, but non-GAAP earnings rose 12%. Management expects another year of double-digit EPS growth as the database software maker continues working to adapt to the cloud computing era.

No new news was out on **FLIR**. The maker of thermal technologies continues showing solid growth and remains a long-term hold.

Dividend Events
Three of our holdings increased their dividends during the last month. Our portfolio has enjoyed a total of 113 payout raises since inception in June 2015. We have not experienced any dividend cuts.

Abbott Laboratories raised its dividend by 6.5% and has paid higher dividends for 48 consecutive years.

American Tower raised its dividend by 6.3%. The tower REIT has increased its dividend every year since it started making payouts in 2011 and targets 20% annual dividend growth.

C.H. Robinson increased its dividend by 2%, recording its 25th straight year of raises.

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), C.H. Robinson (CHRW), and Oracle (ORCL).

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: 27% per year Dividend Yield: 2.01%

With 25 consecutive annual dividend increases, A.O. Smith is a dividend aristocrat. The firm last raised its dividend by 9% in October 2019 and maintains excellent dividend growth potential going forward. A.O. Smith's payout ratio sits near 40%, the business has a pristine balance sheet (more cash than debt), management targets 8% long-term organic revenue growth, and the water heater replacement business generates consistent cash flow.

Recent News

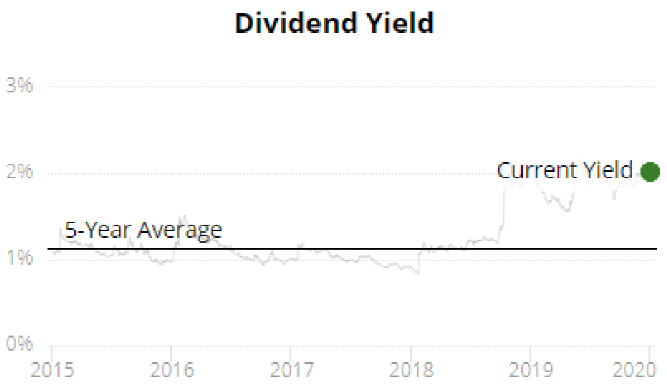
No update. A.O. Smith reported earnings on October 29. Sales fell 3%, driven by a 20% decline in China due to continued elevated channel inventory levels. North American water heater sales grew 6%. Management expects China revenue to decline about 20% this year but raised the dividend by 9%. Investors weren't expecting much heading into the quarter.

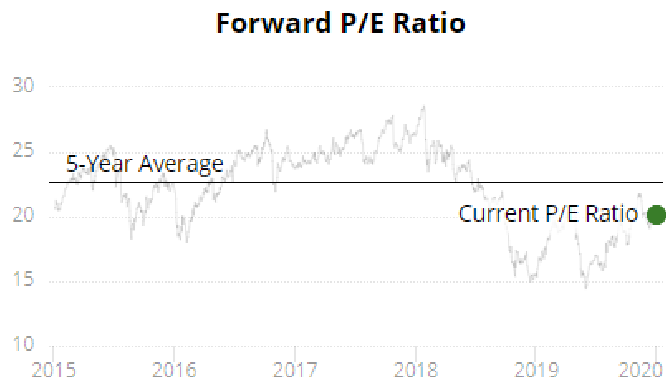
As previously discussed, a short seller also issued a bearish report on A.O. Smith in mid-May. You can read our assessment of the report here. While short-term demand trends in China may be unfavorable, the company's long-term outlook appears intact to us. Management refuted the short seller's report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

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 20.1 and its dividend yield was 2.01% as of 1/2/20.





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: 92 5-Year Dividend Growth Rate: 6% per year Dividend Yield: 2.62%

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).

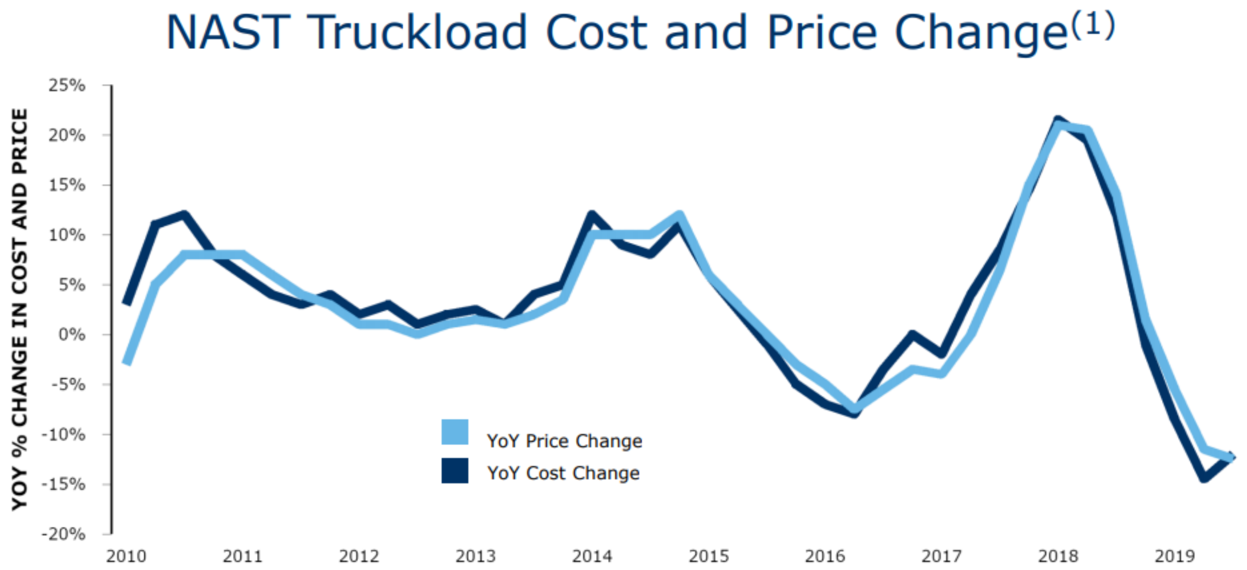
For example, C.H. Robinson grew its earnings during the financial crisis and continued generating strong free cash flow despite a 12% drop in revenue. The business has consistently earned a high return on invested capital near 30% and maintains a very healthy balance sheet as well.

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% over time.

Recent News

No update. C.H. Robinson shares plunged 15% following its earnings report on October 29. Management had expected a soft freight environment, but conditions were worse than investors had feared. Net revenues fell 8.7%, EPS declined 14%, and margins contracted. CHRW's volume also was down as it chose to remain disciplined on pricing rather than chase deals on unfavorable terms.

While this is a spread business (CHRW keeps some of the difference between the rates it charges shippers and the rates it pays transportation companies), margins can still be somewhat volatile. As you can see below, the firm's cost to buy trucking capacity did not fall as quickly as shipping prices.



About 70% of C.H. Robinson's revenue is backed by contracted rates with trucking companies, which take longer to adjust to current spot rates (the contracts need to expire until they can renew at the market's lower prices).

After the trucking industry experienced a shortage of supply to meet demand for much of 2018, the industry added too much trucking capacity. Meanwhile, shipping demand has slowed in light of the trade war and increased economic uncertainty, resulting in an unusually big swing in the freight environment.

Investors were disappointed by C.H. Robinson's sensitivity to cyclical swings in the industry. The company's increased tech spending to stay competitive also makes it more difficult for the firm to protect its short-term profits.

With ongoing fears of new players such as Amazon entering the truck brokerage industry and undercutting market prices, it's not surprising to see an earnings report like this spook the market. However, I believe C.H. Robinson is primarily dealing with short-term cyclical challenges rather than major structural issues that could impair its long-term earning power.

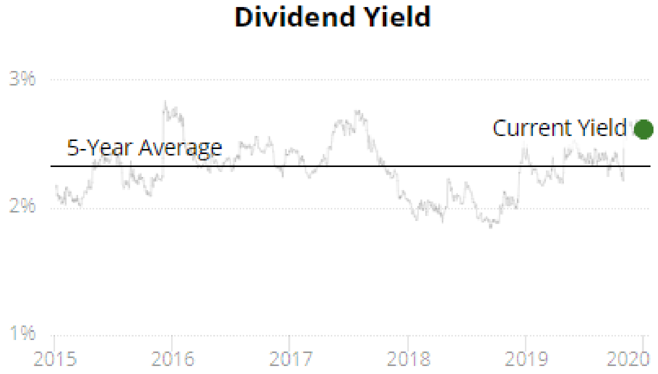
The markets C.H. Robinson competes in are large and fragmented (no single player sets prices). Despite being the largest freight broker in North America, the company is no more than 3% of the overall market in any one of the spaces it competes in (truckload, ocean, air, less than truckload, etc.).

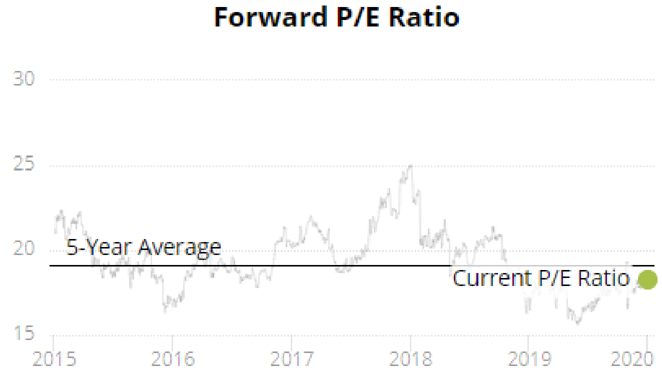
The U.S. third-party logistics brokerage market is also forecast to grow 10% annually between 2018 and 2022. While C.H. Robinson delivers an average of over three services to each of its top 500 clients (100% retention rate over the past year), the business appears to have plenty of opportunities to continue expanding its services and market share, almost across the board.

The firm's tech investments could make the next year more challenging as management expects the freight environment to remain weak through at least the first half of 2020, but they should also help the company remain very competitive and take share. Smaller rivals don't have the luxury of investing $200 million annually in technology.

CHRW's stock could remain weak until industry fundamentals start showing signs of recovery, but I believe today's valuation is reasonable for long-term investors who continue believing in the brokerage industry's long-term future and C.H. Robinson's leading position being maintained.

Valuation
CHRW's forward P/E ratio was 18.3 and its dividend yield was 2.62% as of 1/2/20.





Oracle (ORCL): Oracle is one of two dominant players in the global enterprise software market (SAP is the other). It provides a range of database and middleware software, application software, cloud infrastructure software, and hardware systems to more than 400,000 business customers.

Competitive Advantages
Oracle has one of the most valuable brands in the world and supplies mission-critical solutions to businesses. Its products are well integrated and save companies time and money. Switching to another solution would be costly or impractical in most cases, which provides Oracle with a large base of recurring revenue that builds over time.

Oracle's market is undergoing a meaningful transition from delivering software onsite to a cloud-based delivery model. However, the company is one of the few players with the ability to deliver solutions either onsite or through the cloud. I expect Oracle to continue generating substantial free cash flow and remain a vital partner for its customers for many years to come. Our full investment thesis on Oracle is available here.

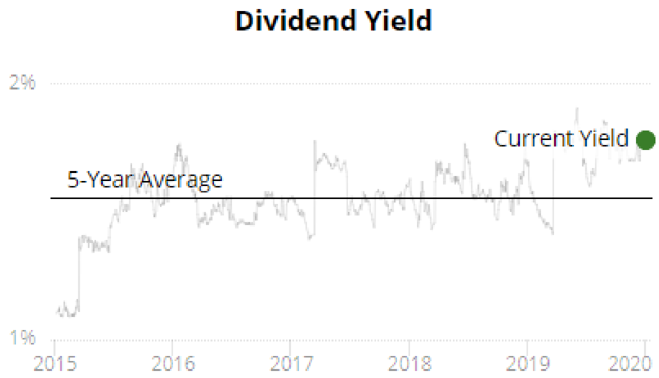
Dividend Review
Dividend Safety Score: 99 5-Year Dividend Growth Rate: 11% per year Dividend Yield: 1.78%

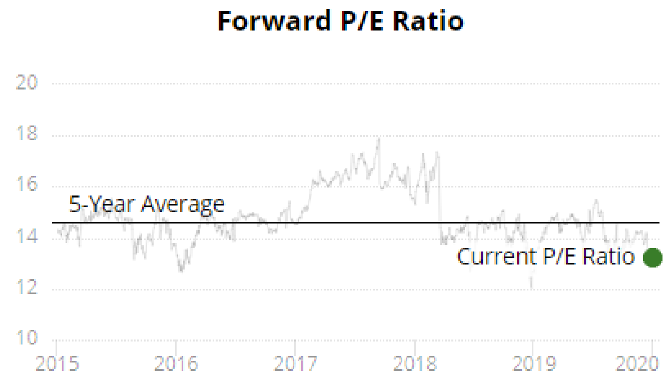
Oracle has paid dividends since 2009 and last raised its dividend by 26% in April 2019. The company has one of the safest dividends in the market because of its 25% payout ratio, excellent balance sheet, and steady free cash flow generation (high amounts of recurring software revenue).

Recent News
Oracle reported earnings on December 12. Revenue grew 1%, missing estimates, but non-GAAP earnings rose 12%. Management expects another year of double-digit EPS growth as the database software maker continues working to adapt to the cloud computing era.

Overall, Oracle's business transformation continues to head in the right direction, although the path certainly won't be linear. The firm continues to possess a number of durable competitive advantages and has potential to reward shareholders with meaningful dividend growth in the future.

<u>Valuation</u>
ORCL's forward P/E ratio was 13.2 and its dividend yield was 1.78% as of 1/2/20.





Stocks to Consider Selling
None.

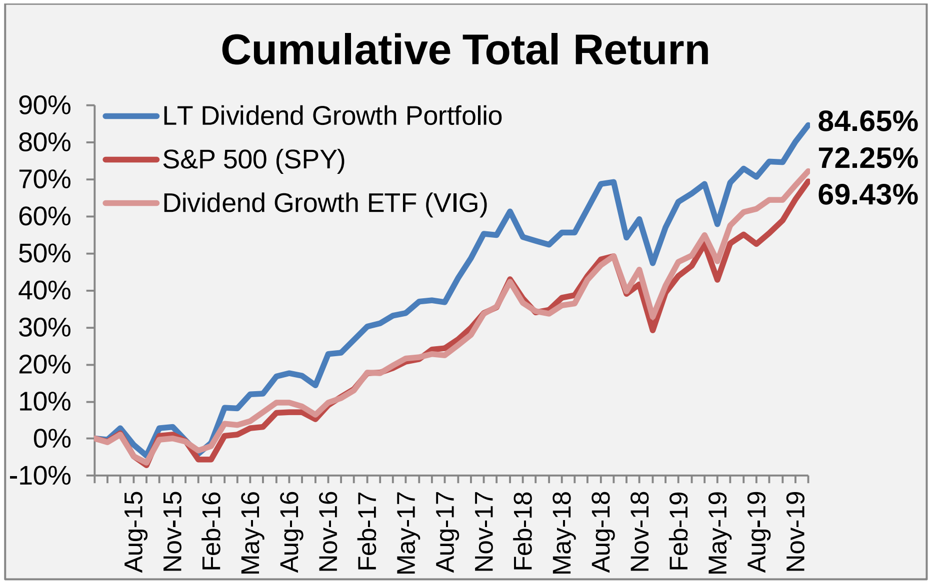
Long-term Dividend Growth Portfolio – Portfolio Actions

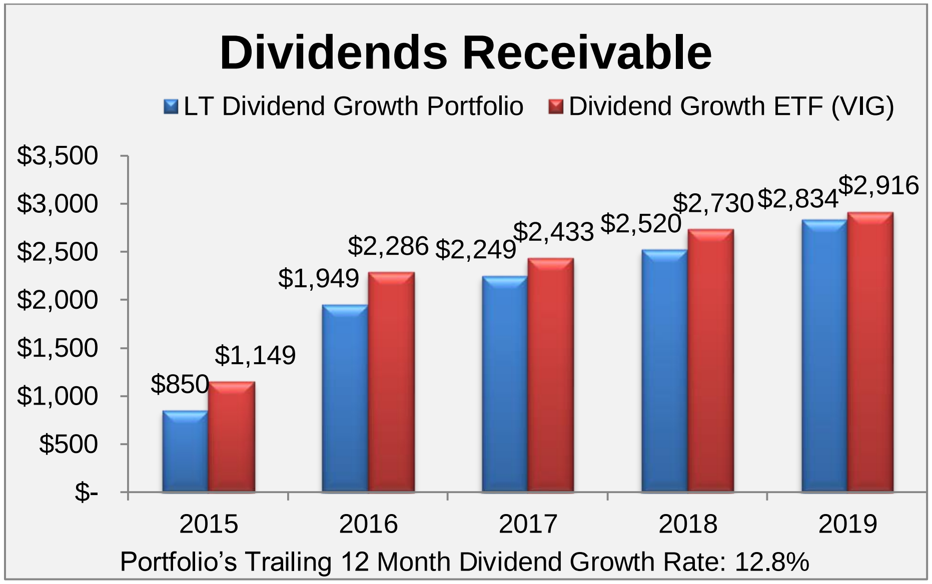
Data as of 1/2/20

Ticker	Name	Fwd P/E Ratio	Dividend Yield	Safety Score	Price Volatility	Entry Date	Shares Owned	% of Portfolio	Cost per Share	Last Price	Cost Basis	Market Value	Total Return	S&P 500 Return	Relative Return
Possible Buying Opportunities															
AOS	A. O. Smith Corporation	20.1	2.01%	99	Average	07-13-15	118	3.1%	$33.76	$47.64	$3,983.68	$5,621.52	51.7%	65.5%	-13.8%
CHRW	C.H. Robinson Worldwide	18.3	2.62%	92	Low	10-03-16	65	2.8%	$70.26	$78.20	$4,566.90	$5,083.00	19.4%	56.5%	-37.1%
ORCL	Oracle Corporation	13.2	1.78%	99	Average	12-31-15	110	3.2%	$36.53	$52.98	$4,018.30	$5,827.80	55.9%	69.2%	-13.3%
Long-term Holds															
FLIR	FLIR Systems	21.3	1.29%	93	High	07-10-15	130	3.7%	$30.57	$52.07	$3,974.10	$6,769.10	81.1%	67.3%	13.8%
LOW	Lowe's Companies	18.5	1.83%	93	High	11-07-17	60	3.9%	$77.65	$119.76	$4,659.00	$7,185.60	60.1%	30.3%	29.9%
MSM	MSC Industrial Direct Co.	15.8	3.81%	84	High	06-22-15	57	2.4%	$69.81	$78.47	$3,979.17	$4,472.79	26.5%	63.8%	-37.4%
MDT	Medtronic	19.8	1.89%	99	Low	11-07-17	65	4.0%	$77.80	$113.45	$5,057.00	$7,374.25	52.7%	30.3%	22.4%
FUL	H.B. Fuller Company	15.0	1.24%	63	High	07-24-15	107	3.0%	$38.83	$51.57	$4,154.81	$5,517.99	39.1%	66.9%	-27.8%
HRL	Hormel Foods Corporation	25.2	2.10%	99	Very Low	06-06-16	141	3.5%	$34.38	$45.11	$4,847.58	$6,360.51	37.8%	62.7%	-24.9%
APH	Amphenol Corporation	28.7	0.92%	87	High	07-14-15	72	4.2%	$55.15	$108.23	$3,970.80	$7,792.56	104.2%	64.8%	39.4%
CB	Chubb Limited	14.5	1.92%	99	Low	06-26-15	38	3.2%	$103.47	$155.66	$3,931.86	$5,915.08	63.8%	65.5%	-1.7%
AMT	American Tower Corporation (REIT	27.4	1.77%	78	Very Low	04-03-17	35	4.4%	$120.49	$229.82	$4,217.15	$8,043.70	96.5%	44.2%	52.3%
BDX	Becton, Dickinson and Company	21.7	1.16%	91	Average	04-04-16	28	4.1%	$153.94	$271.97	$4,310.32	$7,615.16	83.1%	66.7%	16.4%
IFF	International Flavors & Fragrances	19.6	2.35%	62	Low	07-14-15	37	2.6%	$113.16	$129.02	$4,186.92	$4,773.74	23.3%	64.8%	-41.5%
PH	Parker-Hannifin Corporation	19.3	1.68%	94	High	07-23-15	36	4.0%	$110.92	$205.82	$3,993.12	$7,409.52	100.6%	65.2%	35.4%
ABT	Abbott Laboratories	24.8	1.66%	71	High	12-31-15	90	4.2%	$44.91	$86.86	$4,041.90	$7,817.40	103.6%	69.2%	34.4%
TJX	TJX Companies	22.0	1.49%	86	Average	06-23-15	118	3.9%	$33.76	$61.06	$3,983.68	$7,205.08	96.9%	63.7%	33.2%
FIS	Fidelity Nat'l Information Services	23.0	1.00%	77	Average	07-17-15	63	4.8%	$62.94	$139.09	$3,965.22	$8,762.67	126.7%	63.4%	63.3%
BR	Broadridge Financial Solutions	23.8	1.75%	75	Average	06-22-15	76	5.1%	$52.65	$123.54	$4,001.40	$9,389.04	148.4%	63.8%	84.5%
IEX	IDEX Corporation	29.3	1.15%	95	High	07-22-15	52	4.9%	$75.87	$172.00	$3,945.24	$8,944.00	137.2%	64.2%	73.0%
TXRH	Texas Roadhouse	21.8	2.13%	82	Low	06-09-15	109	3.3%	$36.38	$56.32	$3,965.42	$6,138.88	97.0%	67.0%	30.0%
ROK	Rockwell Automation	23.0	1.98%	70	High	07-27-15	34	3.7%	$116.32	$202.67	$3,954.88	$6,890.78	89.7%	67.9%	21.8%
THO	Thor Industries	13.5	2.17%	65	High	07-29-15	72	2.9%	$55.14	$74.29	$3,970.08	$5,348.88	45.5%	64.7%	-19.3%
EXPO	Exponent	44.7	0.92%	61	Low	07-22-15	180	6.7%	$22.66	$69.01	$4,078.80	$12,421.80	222.4%	64.2%	158.1%
TTC	Toro Company	23.9	1.25%	84	Low	07-20-15	122	5.3%	$33.67	$79.67	$4,107.74	$9,719.74	150.2%	63.3%	86.9%
Cash (Includes Dividends Receivable)								3.4%				$6,244.86			
Portfolio Total		**22.5**	**1.66%**	**85**	**Average**			**100%**			**$99,881**	**$184,645**	**84.6%**	**69.4%**	**15.2%**

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

Long-term Dividend Growth Portfolio – Performance and Dividend Income





Monthly Return	**Apr 2019**	**May 2019**	**Jun 2019**	**Jul 2019**	**Aug 2019**	**Sep 2019**	**Oct 2019**	**Nov 2019**	**Dec 2019**
Portfolio	1.57%	-6.37%	7.04%	2.23%	-1.30%	2.42%	-0.05%	3.13%	2.50%
S&P 500	4.07%	-6.38%	6.96%	1.50%	-1.67%	1.95%	2.20%	3.62%	2.90%
VIG ETF	3.72%	-4.63%	6.62%	2.23%	0.59%	1.45%	0.03%	2.45%	2.22%
Portfolio Value	$168,753.33	$158,008.75	$169,129.01	$172,900.35	$170,656.10	$174,782.18	$174,688.78	$180,149.89	$184,645.45

Since Inception

Cumulative	**Apr 2019**	**May 2019**	**Jun 2019**	**Jul 2019**	**Aug 2019**	**Sep 2019**	**Oct 2019**	**Nov 2019**	**Dec 2019**
Portfolio	68.75%	58.01%	69.13%	72.90%	70.66%	74.78%	74.69%	80.15%	84.65%
S&P 500	52.59%	42.86%	52.80%	55.10%	52.50%	55.48%	58.90%	64.65%	69.43%
VIG ETF	55.03%	47.84%	57.63%	61.15%	62.09%	64.44%	64.48%	68.51%	72.25%

Annualized	**Apr 2019**	**May 2019**	**Jun 2019**	**Jul 2019**	**Aug 2019**	**Sep 2019**	**Oct 2019**	**Nov 2019**	**Dec 2019**
Portfolio	14.39%	12.19%	13.84%	14.12%	13.48%	13.82%	13.53%	14.05%	14.38%
S&P 500	11.46%	9.38%	11.02%	11.17%	10.50%	10.78%	11.11%	11.78%	12.24%
VIG ETF	11.95%	10.35%	11.90%	12.23%	12.13%	12.25%	12.01%	12.39%	12.68%

Long-term Dividend Growth Portfolio – Payment Schedule

Data as of 1/2/20

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	1.7%	41%	0.36	Feb, May, Aug, Nov	01-14-20	Mid May	8%	N/A	N/A
CB	1.9%	30%	0.75	Jan, Apr, Jul, Oct	Mid Mar	Mid Apr	3%	3%	10%
AOS	2.0%	37%	0.24	Feb, May, Aug, Nov	Late Jan	Mid Feb	36%	27%	15%
APH	0.9%	25%	0.25	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	9%	16%	41%
BDX	1.2%	26%	0.79	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	3%	7%	9%
BR	1.7%	44%	0.54	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	11%	15%	14%
EXPO	0.9%	41%	0.16	Mar, Jun, Sept, Dec	Early Mar	Late Mar	23%	21%	N/A
FIS	1.0%	21%	0.35	Mar, Jun, Sept, Dec	Mid Mar	Late Mar	9%	8%	21%
FLIR	1.3%	29%	0.17	Mar, Jun, Sept, Dec	Late Feb	Early Mar	6%	11%	N/A
FUL	1.2%	21%	0.16	Jan, Apr, Jul, Oct	Mid Jan	Late Jan	3%	7%	9%
IEX	1.2%	33%	0.50	Feb, May, Aug, Nov	01-14-20	Early May	16%	12%	15%
IFF	2.4%	50%	0.75	Jan, Apr, Jul, Oct	Late Mar	Early Apr	4%	11%	11%
LOW	1.8%	37%	0.55	Feb, May, Aug, Nov	01-21-20	Early May	15%	20%	20%
MSM	3.8%	50%	0.75	Feb, May, Aug, Nov	01-21-20	Early May	19%	8%	13%
ORCL	1.8%	24%	0.24	Jan, Apr, Jul, Oct	01-08-20	Late Apr	7%	11%	23%
MDT	1.9%	39%	0.54	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	8%	12%	10%
PH	1.7%	28%	0.88	Mar, Jun, Sept, Dec	Early Feb	Early Mar	15%	11%	12%
CHRW	2.6%	42%	0.51	Jan, Apr, Jul, Oct	Mid Mar	Early Apr	4%	6%	8%
ROK	2.0%	45%	1.02	Mar, Jun, Sept, Dec	Early Feb	Mid Mar	11%	11%	13%
THO	2.2%	32%	0.40	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	3%	8%	19%
TJX	1.5%	35%	0.23	Mar, Jun, Sept, Dec	02-12-20	Early June	18%	21%	23%
AMT	1.8%	43%	1.01	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	20%	23%	N/A
TTC	1.2%	30%	0.25	Jan, Apr, Jul, Oct	Late Mar	Mid Apr	13%	18%	20%
TXRH	2.1%	51%	0.30	Mar, Jun, Sept, Dec	Mid Mar	Late Mar	20%	15%	N/A
HRL	2.1%	48%	0.23	Feb, May, Aug, Nov	01-10-20	Mid May	12%	16%	16%
Average	1.7%	35%					12%	13%	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	22.2	3.0%	81	Very Low	61%	5%
AVB	AvalonBay Communities	22.7	2.9%	98	Very Low	70%	6%
DLR	Digital Realty Trust	19.9	3.7%	94	Low	71%	5%
DUK	Duke Energy Corporation	18.1	4.2%	80	Very Low	75%	4%
ED	Consolidated Edison	19.8	3.3%	90	Very Low	69%	3%
FRT	Federal Realty Investment Trust	23.7	3.4%	88	Low	65%	5%
K	Kellogg Company	17.3	3.4%	66	Very Low	57%	4%
KMB	Kimberly-Clark Corporation	19.0	3.0%	88	Low	60%	4%
KO	Coca-Cola Company	24.9	2.9%	80	Very Low	76%	6%
MAA	Mid-America Apartment Communities	22.2	3.1%	97	Very Low	66%	6%
NNN	National Retail Properties	18.1	3.9%	95	Very Low	74%	4%
O	Realty Income Corporation	20.9	3.8%	86	Very Low	83%	4%
PEP	PepsiCo	23.4	2.8%	93	Low	68%	8%
PNW	Pinnacle West Capital Corporation	18.2	3.5%	92	Very Low	66%	5%
PSA	Public Storage	21.1	3.8%	96	Very Low	82%	9%
SPG	Simon Property Group	13.3	5.8%	65	Low	73%	10%
MMP	Magellan Midstream Partners, L.P.	11.4	6.5%	61	Very Low	74%	12%
VTR	Ventas	16.9	5.6%	68	Very Low	92%	3%
VZ	Verizon Communications	12.4	4.0%	87	Very Low	50%	2%
FLO	Flowers Foods	21.4	3.6%	62	Very Low	78%	9%

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	27.4	1.8%	78	Very Low	43%	20%
BBY	Best Buy Co.	14.3	2.3%	84	Average	34%	24%
COLB	Columbia Banking System	16.7	2.8%	50	Average	42%	13%
CSCO	Cisco Systems	14.9	2.9%	91	Average	43%	13%
CUBE	CubeSmart	19.4	4.2%	61	Very Low	76%	21%
DOX	Amdocs Limited	16.0	1.6%	90	Low	26%	14%
ELS	Equity LifeStyle Properties	36.0	1.8%	86	Very Low	66%	13%
HD	Home Depot	21.2	2.5%	87	Average	53%	22%
HON	Honeywell International	21.2	2.0%	99	Average	41%	12%
HRL	Hormel Foods Corporation	25.2	2.1%	99	Very Low	48%	13%
ITW	Illinois Tool Works	23.4	2.4%	81	Average	54%	20%
KEY	KeyCorp	10.9	3.7%	67	Average	39%	29%
MDT	Medtronic plc	19.8	1.9%	99	Low	39%	8%
NDAQ	Nasdaq	20.6	1.7%	61	Low	37%	15%
RGA	Reinsurance Group of America	11.9	1.7%	99	Low	19%	19%
SBUX	Starbucks Corporation	29.4	1.8%	67	Low	53%	21%
SCI	Service Corporation International	22.7	1.6%	76	Low	38%	12%
SNA	Snap-on Incorporated	13.4	2.6%	99	Average	31%	16%
STI	SunTrust Banks	NM	3.2%	72	Average	37%	28%
TSN	Tyson Foods	13.4	1.9%	99	Very Low	27%	36%
VFC	V.F. Corporation	27.6	1.9%	75	Average	56%	2%

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.	22.2	4.5%	50	Very Low	70%	6%
WELL	Welltower	20.8	4.3%	72	Very Low	97%	2%
DUK	Duke Energy Corporation	18.1	4.2%	80	Very Low	75%	4%
ENB	Enbridge	11.8	6.2%	57	Low	63%	16%
EPD	Enterprise Products Partners L.P.	9.6	6.3%	89	Low	58%	5%
PM	Philip Morris International	15.6	5.5%	64	Low	88%	4%
IRM	Iron Mountain Incorporated	9.7	8.1%	47	Low	85%	17%
MMP	Magellan Midstream Partners, L.P.	11.4	6.5%	61	Very Low	74%	12%
SO	Southern Company	20.9	4.0%	65	Very Low	79%	3%
SPG	Simon Property Group	13.3	5.8%	65	Low	73%	10%
T	AT&T	10.7	5.4%	65	Low	57%	2%
VTR	Ventas	16.9	5.6%	68	Very Low	92%	3%
VZ	Verizon Communications	12.4	4.0%	87	Very Low	50%	2%
WPC	W. P. Carey	15.8	5.3%	73	Very Low	82%	4%
MO	Altria Group	11.3	6.8%	55	Low	78%	10%
MAIN	Main Street Capital Corporation	17.4	5.7%	62	Low	92%	4%
HTA	Healthcare Trust of America	20.4	4.3%	62	Very Low	91%	2%
NHI	National Health Investors	15.1	5.3%	61	Very Low	81%	6%
MPW	Medical Properties Trust	15.9	5.0%	72	Low	99%	4%
D	Dominion Energy	18.6	4.5%	75	Very Low	91%	9%
WELL	Welltower	20.8	4.3%	72	Very Low	97%	2%
BIP	Brookfield Infrastructure Partners L.P.	0.0	4.0%	65	Low	46%	9%

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
AVGO	Broadcom	23%	14.0	4.0%	67	Average	53%	56%
LLY	Eli Lilly and Company	15%	20.7	2.2%	96	Low	44%	6%
ABT	Abbott Laboratories	13%	24.8	1.7%	71	Average	41%	13%
AMGN	Amgen	10%	15.6	2.7%	74	Low	39%	19%
FMC	FMC Corporation	10%	15.7	1.8%	70	Average	27%	11%
ENB	Enbridge	10%	11.8	6.2%	57	Low	63%	16%
WEC	WEC Energy Group	7%	27.6	2.8%	87	Very Low	67%	9%
EMN	Eastman Chemical Company	7%	10.2	3.4%	85	High	35%	13%
WM	Waste Management	6%	25.4	1.8%	74	Low	46%	6%
AMT	American Tower	6%	27.4	1.8%	78	Very Low	43%	23%
PFE	Pfizer	6%	14.1	3.9%	75	Low	47%	7%
BEN	Franklin Resources	4%	9.9	4.2%	98	Average	41%	17%
CUBE	CubeSmart	3%	19.4	4.2%	61	Very Low	76%	22%
ABM	ABM Industries Incorporated	3%	19.2	1.9%	61	Average	35%	3%
T	AT&T	2%	10.7	5.4%	65	Low	57%	2%
CHRW	C.H. Robinson Worldwide	2%	18.3	2.6%	92	Low	42%	6%
UBA	Urstadt Biddle Properties	2%	18.3	4.7%	70	Low	99%	2%
WPC	W. P. Carey	0.2%	15.8	5.3%	73	Very Low	82%	4%
O	Realty Income Corporation	0.2%	20.9	3.8%	86	Very Low	83%	4%

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	Payout Ratio	5yr Div CAGR	Next Ex-Div Date
BNS	Bank of Nova Scotia	10.2	4.8%	89	Low	49%	6%	1/6/2020
DRI	Darden Restaurants	17.1	3.1%	72	Low	52%	10%	1/9/2020
GIS	General Mills	15.2	3.8%	69	Very Low	58%	5%	1/9/2020
LNC	Lincoln National Corporation	6.0	2.7%	88	High	23%	21%	1/9/2020
T	AT&T	10.7	5.4%	65	Low	57%	2%	1/9/2020
TD	Toronto-Dominion Bank	10.8	4.0%	95	Low	43%	9%	1/9/2020
UDR	UDR	22.8	3.0%	71	Very Low	71%	6%	1/9/2020
VZ	Verizon Communications	12.4	4.0%	87	Very Low	50%	2%	1/9/2020
HRL	Hormel Foods Corporation	25.2	2.1%	99	Very Low	48%	16%	1/10/2020
DGX	Quest Diagnostics Incorporated	15.8	2.0%	81	Low	34%	11%	1/13/2020
MAA	Mid-America Apartment Communities	22.2	3.1%	97	Very Low	66%	6%	1/14/2020
GD	General Dynamics Corporation	14.0	2.3%	97	Average	35%	10%	1/16/2020
CAT	Caterpillar	14.6	2.7%	93	High	34%	8%	1/17/2020
RY	Royal Bank of Canada	11.3	4.0%	94	Low	46%	7%	1/24/2020
CLX	Clorox Company	24.5	2.8%	75	Very Low	64%	7%	1/28/2020
HAS	Hasbro	25.3	2.6%	67	Average	64%	10%	1/30/2020
PFE	Pfizer	14.1	3.9%	75	Low	47%	7%	1/30/2020
BMO	Bank of Montreal	10.4	4.1%	94	Low	44%	6%	1/31/2020
PNW	Pinnacle West Capital Corporation	18.2	3.5%	92	Very Low	66%	5%	1/31/2020

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