

Five for Friday- Dividends and Value Part 1

A theme we have been focusing on for 2023 revolves around high-dividend stocks trading at attractive valuations. This theme outperformed the broad market last year as investors sought safety to ride out the volatility spurred by the Fed's fight against inflation. We expect the outperformance to continue into 2023 as the lag effect of prior rate hikes catches up with the economy.

In an environment ripe for an economic slowdown and where raising funds in capital markets is costly, cash flows become a critical investment factor. Earnings (EPS) reported by companies typically differ from actual cash flows due to accrual-based accounting standards. Most investors tend to focus on earnings; however, cash flows determine the amount of capital available to be reinvested or returned to investors. Such is why we screen on Free Cash Flow Yield in this screen in lieu of more typical valuation ratios.

Screening Criteria

We considered the following factors when screening:

- Exclude Financials Sector
- Market Cap > \$10b
- Dividend Yield > 3%
- 5yr Annualized Dividend Growth >2%
- Free Cash Flow Yield in the Top 30% of the Universe
- 3-5yr Annualized EPS Growth Est. >3%
- Times Interest Earned (TIE) Ratio >2

Ticker	Sector	Market Cap. (\$B)	Dividend Yield	Free Cash Flow Yield	FCF Return on Invested Capital	Forward P/E
LYB	Materials	\$29.9	5.2%	18.4%	23.7%	9.6
XOM	Energy	\$453.4	3.3%	12.9%	26.6%	10.6
VZ	Communications	\$176.2	6.2%	8.1%	6.4%	8.3
ABBV	Healthcare	\$282.3	3.5%	7.7%	28.1%	13.6
PM	Consumer Staples	\$158.42	5.0%	6.8%	69.4%	17.8

Company Summaries

LyondellBasell Industries N.V. (LYB) - Specialty Chemicals

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Description (BSE:LYB)

LyondellBasell Industries N.V. operates as a chemical company in the United States, Germany, Mexico, Italy, Poland, France, Japan, China, the Netherlands, and internationally. The company operates in six segments: Olefins and Polyolefins (Americas); Olefins and Polyolefins (Europe, Asia, International); Intermediates and Derivatives; Advanced Polymer Solutions; Refining; and Technology. It produces and markets olefins and co-products; polyolefins; polyethylene products, which consist of high density polyethylene, low density polyethylene, and linear low density polyethylene; and polypropylene (PP) products, such as PP homopolymers and copolymers. The company also produces and sells propylene oxide and its derivatives; methacrylates and related products; and intermediate chemicals, such as styrene monomers, acrylates, ethylene glycols, and ethylene oxides and derivatives. In addition, it produces and markets compounds and solutions, such as polypropylene compounds, engineered plastics, masterbatches, engineered composites, colors, and powders; and advanced polymers. Further, the company refines crude oil and other crude oils of varied types and sources into gasoline and distillates; develops and licenses chemical and polyolefin process technologies; and manufactures and sells polyolefin catalysts. LyondellBasell Industries N.V. was incorporated in 2009 and is headquartered in Houston, Texas.

Latest Price (Jan 10, 2025, 12:08:57 PM)
\$95.83 ▲ (\$1.04) (1.08%)

52 Week Range
 \$71.46

Last Close
 \$92.79

Day Range
 \$92.25 - \$93.34

Open
 \$93.29

Volume
 479,583

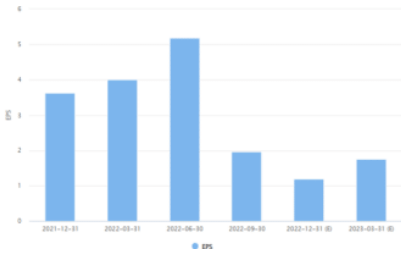
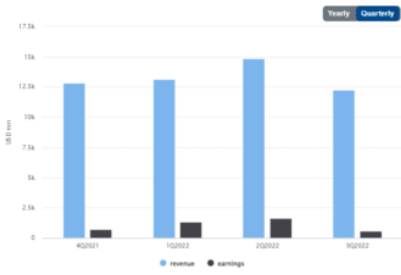
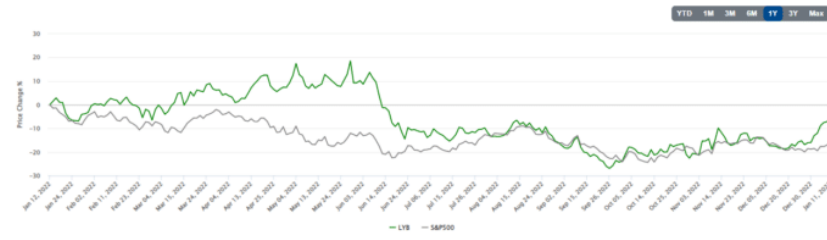
Avg. Volume (3m)
 2,139,777

Annual Div.
 \$4.64

Div. Yield
 5.00%

Mkt Cap (mn)
 \$30,551.67

Beta
 1.21



Exxon Mobil Corporation (XOM) - Oil & Gas Integrated

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Description (BSE:XOM)

Exxon Mobil Corporation explores for and produces crude oil and natural gas in the United States and internationally. It operates through Upstream, Downstream, and Chemical segments. The company is also involved in the manufacture, trade, transport, and sale of crude oil, natural gas, petroleum products, petrochemicals, and other specialty products; manufactures and sells petrochemicals, including olefins, polyolefins, aromatics, and various other petrochemicals; and captures and stores carbon, hydrogen, and biofuels. As of December 31, 2021, it had approximately 20,528 net operated wells with proved reserves. The company was founded in 1870 and is headquartered in Irving, Texas.

Latest Price (Jan 10, 2025, 12:08:28 PM)
\$113.34 ▲ (\$1.97) (1.73%)

52 Week Range
 \$69.81

Last Close
 \$111.37

Day Range
 \$114.66 - \$111.61

Open
 \$111.82

Volume
 8,138,326

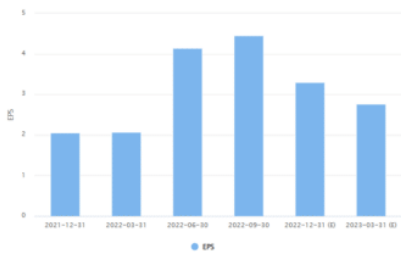
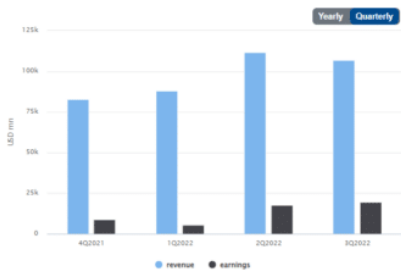
Avg. Volume (3m)
 17,898,246

Annual Div.
 \$3.52

Div. Yield
 3.16%

Mkt Cap (mn)
 \$466,766.95

Beta
 1.10



Verizon Communications Inc. (VZ) - Telecom Services

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Description [Read More](#)

Verizon Communications Inc., through its subsidiaries, offers communications, technology, information, and entertainment products and services to consumers, businesses, and governmental entities worldwide. Its Consumer segment provides postpaid and prepaid service plans; internet access on notebook computers and tablets; wireless equipment, including smartphones and other handsets; and wireless-enabled internet devices, such as tablets, and other wireless-enabled connected devices comprising smart watches. It also provides residential fixed connectivity solutions, such as internet, video, and voice services, and sells network access to mobile virtual network operators. As of December 31, 2021, it had approximately 185 million wireless retail connections, 7 million wireline broadband connections, and 4 million FiOS video connections. The company's Business segment provides network connectivity products, including private network, private cloud connectivity, virtual and software defined networking, and internet access services; and internet protocol-based voice and video services, unified communications and collaboration tools, and customer contact center solutions. This segment also offers a suite of management and data security services; domestic and global voice and data solutions, such as voice calling, messaging services, conferencing, contact center solutions, and private line and data access networks; customer premises equipment; installation, maintenance, and site services; and Internet of Things products and services. As of December 31, 2021, it had approximately 27 million wireless retail postpaid connections and 477 thousand wireline broadband connections. The company was formerly known as Bell Atlantic Corporation and changed its name to Verizon Communications Inc. in June 2000. Verizon Communications Inc. was incorporated in 1983 and is headquartered in New York, New York.

Latest Price (Jan 10, 2023, 12:03:03 PM)
\$41.88 ▲ (\$0.69) (1.69%)

52 Week Range
 \$34.45

Last Close
 \$41.38

Day Range
 \$41.15

Open
 \$41.38

Volume
 8,401,500

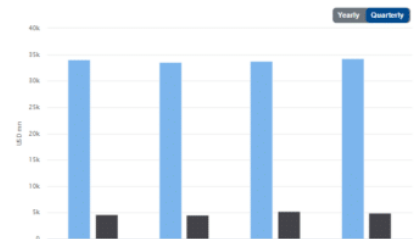
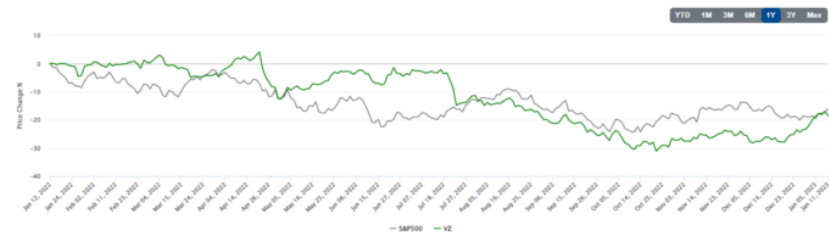
Avg. Volume (3m)
 24,870,884

Annual Div.
 \$2.57

Div. Yield
 6.25%

Mkt Cap (mm)
 \$175,867.46

Beta
 0.54



AbbVie Inc. (ABBV) - Drug Manufacturers-General

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Description [Read More](#)

AbbVie Inc. discovers, develops, manufactures, and sells pharmaceuticals in the worldwide. The company offers HUMIRA, a therapy administered as an injection for autoimmune and intestinal diseases; SKYRIZI to treat moderate to severe plaque psoriasis in adults; RINVOO, a JAK inhibitor for the treatment of moderate to severe active rheumatoid arthritis in adult patients; IMBRUVICA to treat adult patients with chronic lymphocytic leukemia (CLL); small lymphocytic lymphoma (SLL); and VENCLIXYA, a BCL-2 inhibitor used to treat adults with CLL or SLL; and MAVYRET to treat patients with chronic HCV genotype 1-6 infection. It also provides CRISPR, a pancreatic enzyme therapy for exocrine pancreatic insufficiency; Synthroid used in the treatment of hypothyroidism; Linzess/Constella to treat irritable bowel syndrome with constipation and chronic idiopathic constipation; Lupron for the palliative treatment of advanced prostate cancer, endometriosis and central precocious puberty, and patients with anemia caused by uterine fibroids; and Biotin therapeutic. In addition, the company offers ORILISSA, a nonpeptide small molecule gonadotropin-releasing hormone antagonist for women with moderate to severe endometriosis pain; Chrupa and Duodopa, a levodopa-carbidopa intestinal gel to treat Parkinson's disease; Lumigan/Ganfort, a bimatoprost ophthalmic solution for the reduction of elevated intraocular pressure (IOP) in patients with open angle glaucoma (OAG) or ocular hypertension; Liberty to treat migraine with or without aura in adults; Alprostadil/Combigan, an alpha-adrenergic receptor agonist for the reduction of IOP in patients with OAG; and Restasis, a calcineurin inhibitor immunosuppressant to increase tear production, as well as other eye care products. AbbVie Inc. has a research collaboration with Dragonfly Therapeutics, Inc. The company was incorporated in 2012 and is headquartered in North Chicago, Illinois.

Latest Price (Jan 10, 2023, 12:04:00 PM)
\$153.06 ▼ (\$2.63) (-1.69%)

52 Week Range
 \$138.26

Last Close
 \$155.69

Day Range
 \$155.99

Open
 \$155.00

Volume
 3,585,107

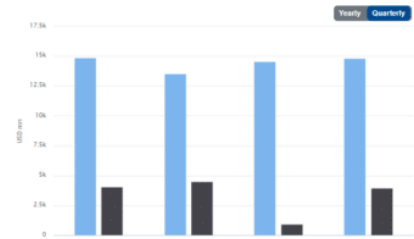
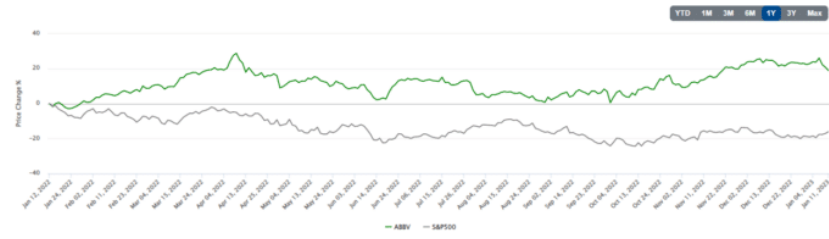
Avg. Volume (3m)
 5,282,536

Annual Div.
 \$5.64

Div. Yield
 3.62%

Mkt Cap (mm)
 \$270,683.54

Beta
 0.62



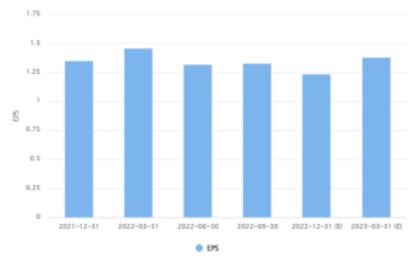
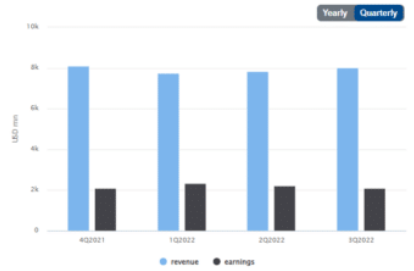
Philip Morris International Inc. (PM) - Tobacco

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Description (Basis Last)

Philip Morris International Inc. operates as a tobacco company working to deliver a smoke-free future and evolving portfolio for the long-term to include products outside of the tobacco and nicotine sector. The company's product portfolio primarily consists of cigarettes and smoke-free products, including heat-not-burn, vapor, and oral nicotine products that are sold in markets outside the United States. The company offers its smoke-free products under the HEETS, HEETS Creations, HEETS Dimensions, HEETS Marlboro, HEETS FROM MADL BORO, Marlboro Dimensions, Marlboro HeatSticks, Parliament HeatSticks, and TERE A brands, as well as the KT&G-licensed brands, Fit, and Mix. It also sells its products under the Marlboro, Parliament, Bond Street, Chesterfield, L&M, Lark, and Philip Morris brands. In addition, the company owns various cigarette brands, such as Dj Sam Soe, Sampoerna A, and Sampoerna U in Indonesia; and Fortune and Jackpot in the Philippines. The company sells its smoke-free products in 71 markets. Philip Morris International Inc. was incorporated in 1987 and is headquartered in New York, New York.

Latest Price (Last 10, 2023, 12:21:21 PM) \$101.42 ▼ (-\$0.64) (-0.63%)	Last Close \$102.06	Open \$102.53	Volume 1,738,736	Annual Div. \$5.02	Mkt Cap (mn) \$157,221.29
52 Week Range \$82.85 - \$112.48	Day Range \$101.50 - \$102.56	Avg. Volume (3m) 4,922,243	Div. Yield 4.92%	Beta 0.71	



Five for Friday

Five for Friday uses stock screens to produce five stocks that we expect will outperform if a particular investment theme plays out in the future. Investment themes may be relevant to the current or expected market, industry and/or economic trends. Investment themes may not always represent our current forecast.

Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.