RIA Advice

Five for Friday- Dividends and Value Part 2

Following up on Part 1 of our Dividends and Value series, we take a different approach to finding dividend stocks with a value orientation. This second scan starts with the 65 Dividend Aristocrats. To be considered an Aristocrat, the company must have paid and increased its dividend every year for at least 25 consecutive years.

Within this group, we hone it down to 15 stocks which, according to a MarketWatch article, have raised their dividends the most over the last five years.

We then rank these 15 stocks on Dividend Yield, P/E, P/S, and Free Cash Flow Yield. The rank for each of the three valuations is twofold. The first ranking is outright. For instance, the stock with the lowest P/E will rank first, and so on. The second ranking is statistically based. We determine where each valuation is versus its 10-year range. For example, Williams Sonoma (WSM) has a P/E of 7.08. Its minimum and maximum for the last ten years is 7.08 and 25.69. WSM is at the bottom end of the range. WSM?s P/E is -2.10 standard deviations below its mean and ranks first in this category.

Screening Criteria

We considered the following factors when screening:

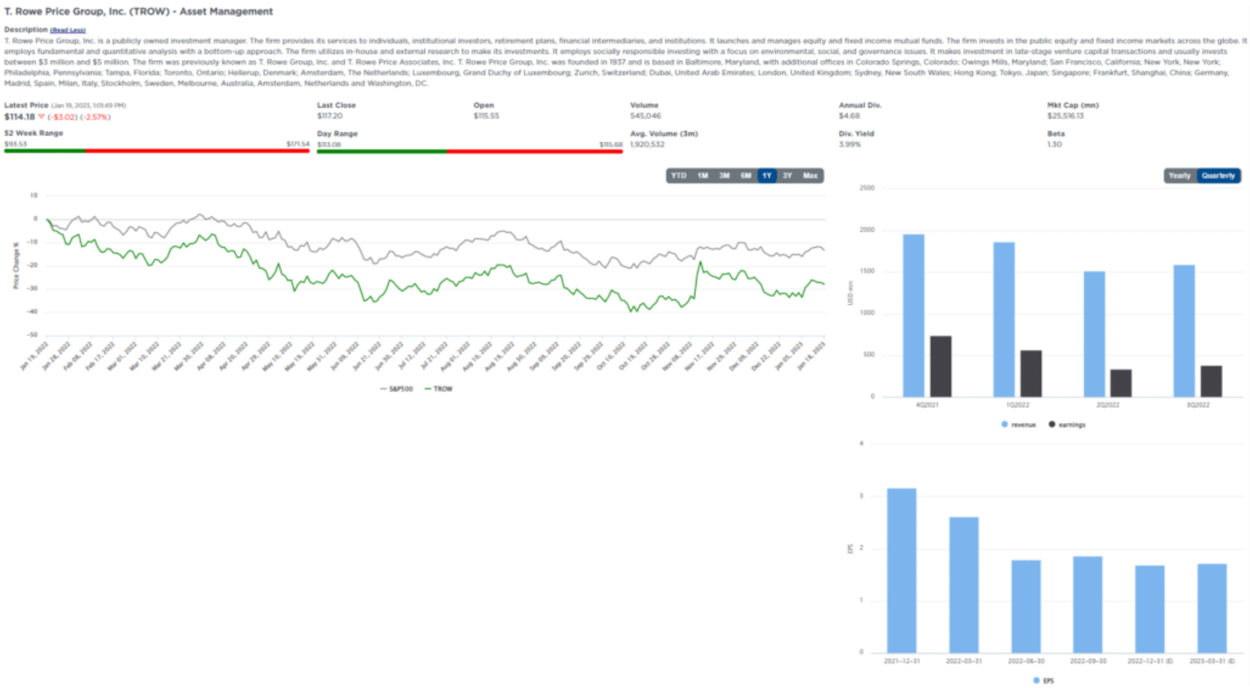
- Dividend Aristocrat
- Member of MarketWatch Dividend Aristocrat Royalty
- Top five average ranking based on dividend and valuations and its current valuation versus its 10-year range

The table below shows the 15 stocks in our screening universe. The stocks highlighted in green ranked in the top five across the seven categories.

	TROW	ABBV	WSM	ADP	FAST	AFL	TGT	NEE	APD	PB	CFR	MCD	MKC	THG
P/E STD	-1.28	-0.30	-2.10	2.13	-0.17	1.94	2.21	1.26	1.26	-0.30	0.86	1.06	0.94	-0.09
P/E	13.23	11.82	7.08	36.58	27.55	13.35	22.86	30.14	29.79	13.50	19.47	28.01	29.79	14.80
P/S STD	-1.32	1.10	-0.72	2.33	0.48	2.73	0.37	1.55	0.87	0.64	1.37	1.70	0.41	0.68
P/S	4.08	4.95	0.91	6.52	4.34	2.17	0.71	8.45	5.44	5.83	5.75	8.67	3.33	0.99
FCF STD	1.69	-0.07	1.44	-1.04	-0.59	-1.00	-2.73	0.01	-1.21	-0.42	-0.47	-1.36	-2.29	-0.28
FCF	9.26	7.66	10.77	3.20	2.14	8.18	-2.32	-3.53	0.42	8.03	5.89	2.89	2.12	13.84
Dvd Yield	3.99	3.59	2.40	2.04	2.53	2.22	2.72	2.00	2.07	2.99	2.62	2.26	1.87	2.41
RANKS														
P/E STD	2	3	1	13	5	12	14	11	10	4	7	9	8	6
P/E	3	2	1	14	9	4	8	13	12	5	7	10	11	6
P/S STD	1	9	2	13	5	14	3	11	8	6	10	12	4	7
P/S	6	8	2	12	7	4	1	13	9	11	10	14	5	3
FCF STD	1	4	2	10	8	9	14	3	11	6	7	12	13	5
FCF	3	6	2	8	10	4	13	14	12	5	7	9	11	1
Div. Yld	1	2	8	12	6	10	4	13	11	3	5	9	14	7
Average	2.43	4.86	2.57	11.71	7.14	8.14	8.14	11.14	10.43	5.71	7.57	10.71	9.43	5.00
Total Rank	1	3	2	14	6	8	8	13	11	5	7	12	10	4
1yr Perf vs SPX	-20.811	36.304	2.1171	24.351	-3.1797	35.173	-15.679	18.937	24.235	11.569	11.846	22.664	4.2694	18.412

Company Summaries

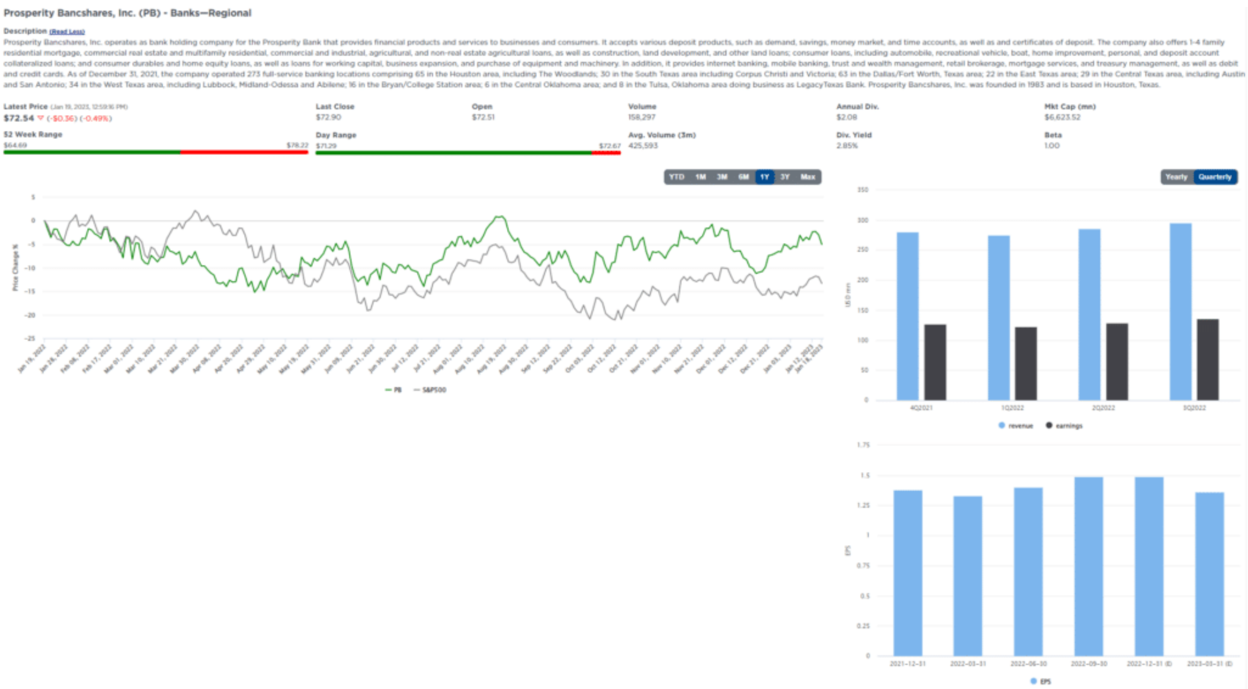
T. Rowe Price Group, Inc. (TROW)



AbbVie Inc. (ABBV)

Williams-Sonoma, Inc. (WSM)

Prosperity Bancshares, Inc. (PB)



The Hanover Insurance Group, Inc. (THG)

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.