How to Find and Analyze Attractive Dividend Stocks

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AAII DIVIDEND INVESTING

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Welcome to AAII Dividend Investing

Weekly Update:

A Look at the D-Grade Stocks in the DI Portfolio

Four stocks in the Dividend Investing (DI) model portfolio have a grade of D for one of the three dividend pillars. Since a grade of F is grounds for removal, we look at all those stocks this week. I explain what is causing the weak grades and the logic for continuing to keep those stocks in the portfolio.

First, here are this week's deets:

- The grades of D are attributable to a combination of declines in earnings during the past fiscal year, a company-specific factor and a valuation that is getting pricey.
- Medtronic PLC (**MDT**) beat analysts' earnings expectations this week, while Home Depot Inc.'s (**HD**) latest earnings were in line with expectations.
- In an unusual move, Vanguard intends to launch an actively managed dividend-growth exchange-traded fund (ETF).

Portfolio Calendar from August 22 to August 29, 2025

Recent Dividend Announcements

Company	Ticker	Quarterly Dividend Payment		
		Payment	Declaration	Ex-Dividend
No stocks have declared a dividend during the week.				

Stocks Trading Ex-Dividend

Company	Ticker	Quarterly Dividend Payment		
		Payment	Ex-Dividend	Payable
Tractor Supply Company	TSCO	$0.230	Mon Aug 25, 2025	Tue Sep 9, 2025
Huntington Ingalls Industries, Inc.	HII	$1.350	Fri Aug 29, 2025	Fri Sep 12, 2025

Stocks Scheduled to Make Dividend Payment

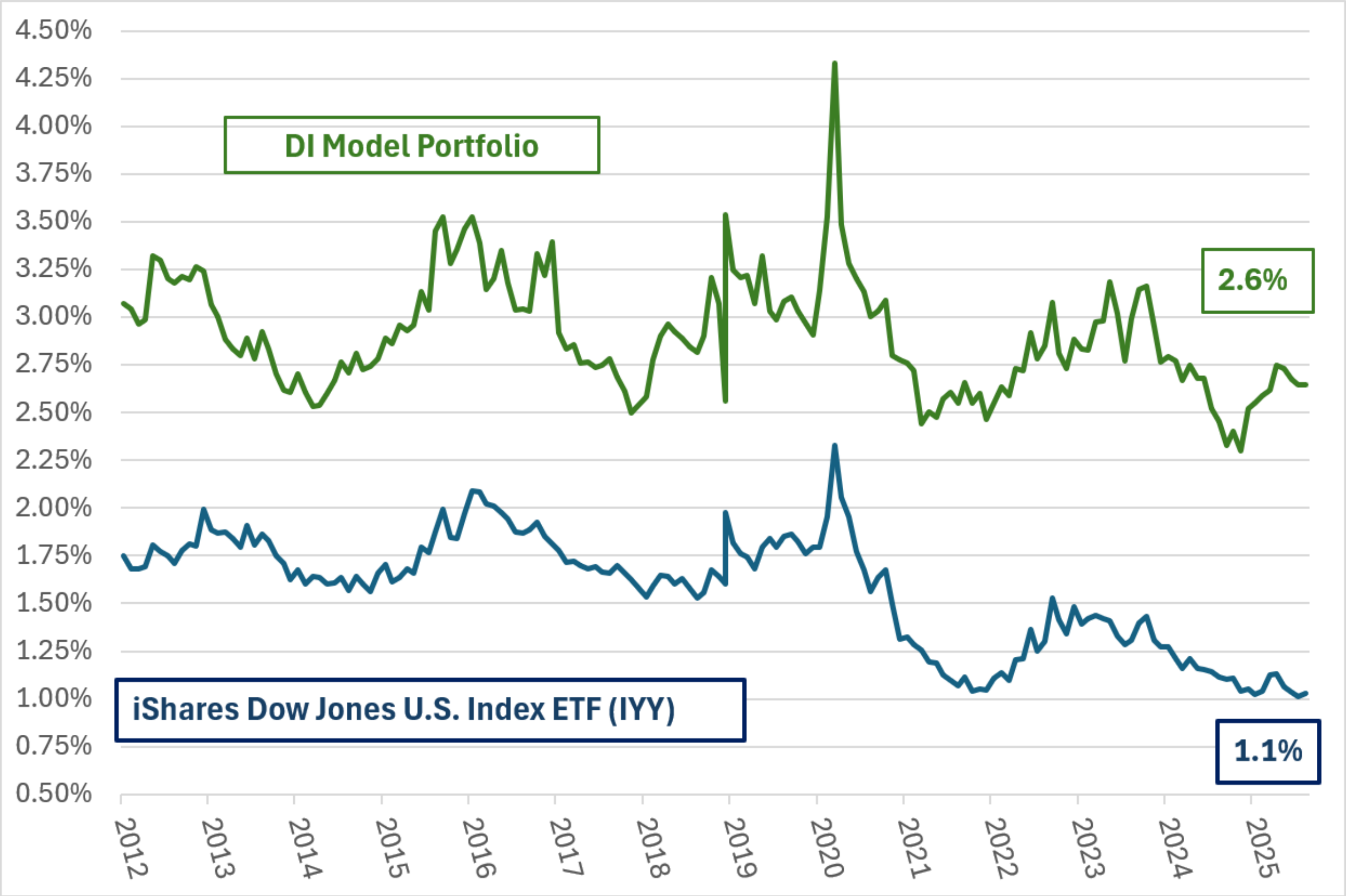
Company	Ticker	Quarterly Dividend Payment		
		Payment	Payable	Ex-Dividend
No stocks are scheduled to make dividend payment this week.				

Stocks Scheduled to Announce Earnings

Company	Ticker	Date and Time	EPS Estimate
The J. M. Smucker Company	SJM	Tue Aug 26, 2025 during-market	$1.927 ($1.820 - $2.090)
AMC = after market close; BMO = before market open			

https://di.aaii.com

The Market's Yield Remains Low



Source: AAII.com and QuoteMedia. Data as of 7/31/2025.

There are many attractive dividend stocks, if you know where to look.

A Sample of the AAII Dividend Screens

	Screen	Factors V	G	M	S	EE	Y	Q	I	O
★	Graham—Defensive Investor (Utility) Screen	V					Y	Q	I	
★	Graham—Enterprising Investor Revised	V					Y	Q	I	
★	Graham—Defensive Investor (Non-Utility) Screen	V					Y	Q		
★	Weiss Blue Chip Div Yield Screen	V					Y	Q		
★	O'Shaughnessy: Value Screen	V					Y			
★	Dogs of the Dow: Low Priced 5 Screen	V					Y			
★	Dogs of the Dow Screen	V					Y			

All screens at https://www.aaii.com/stockideas/allstrategies.

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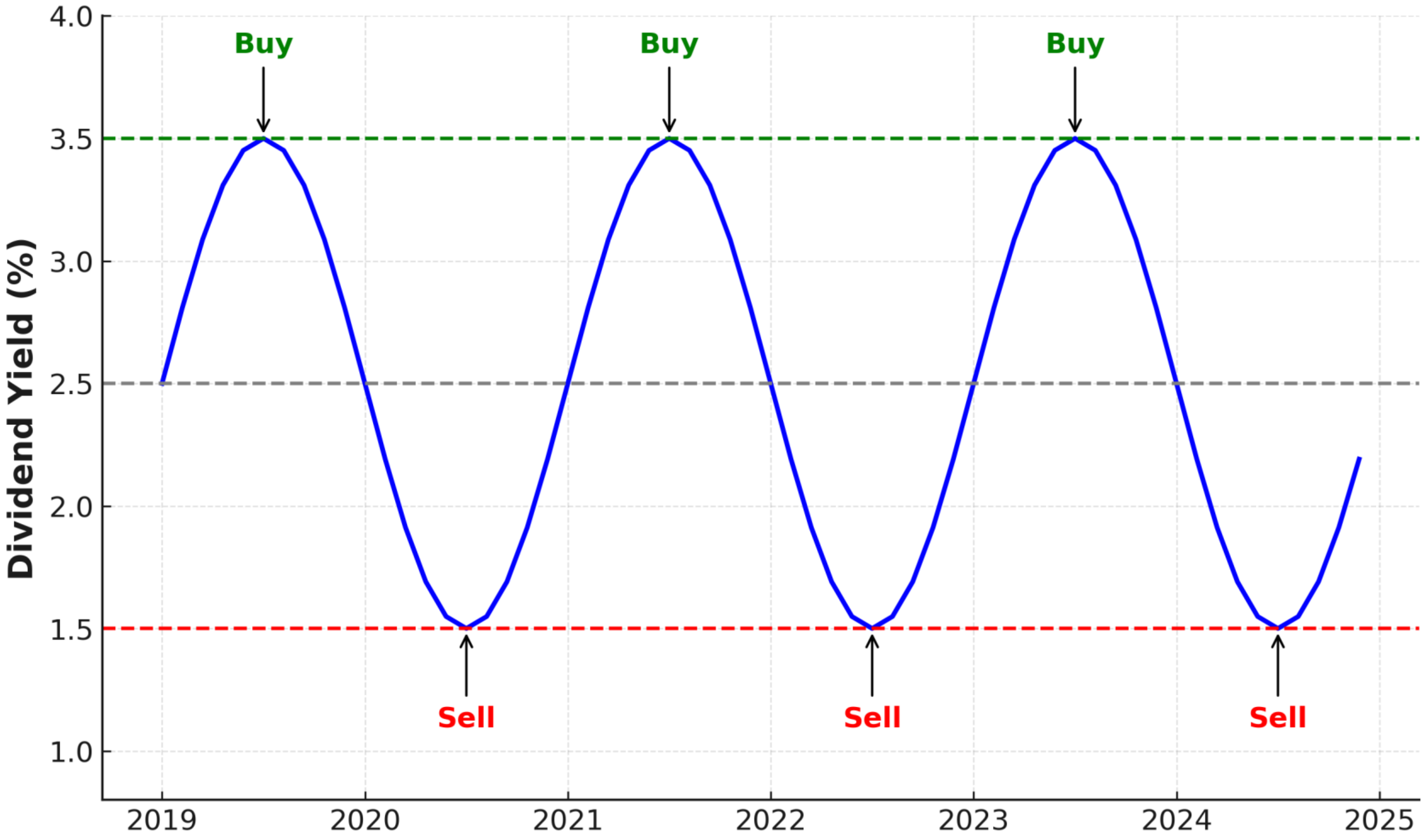
Yield as a Valuation Measure



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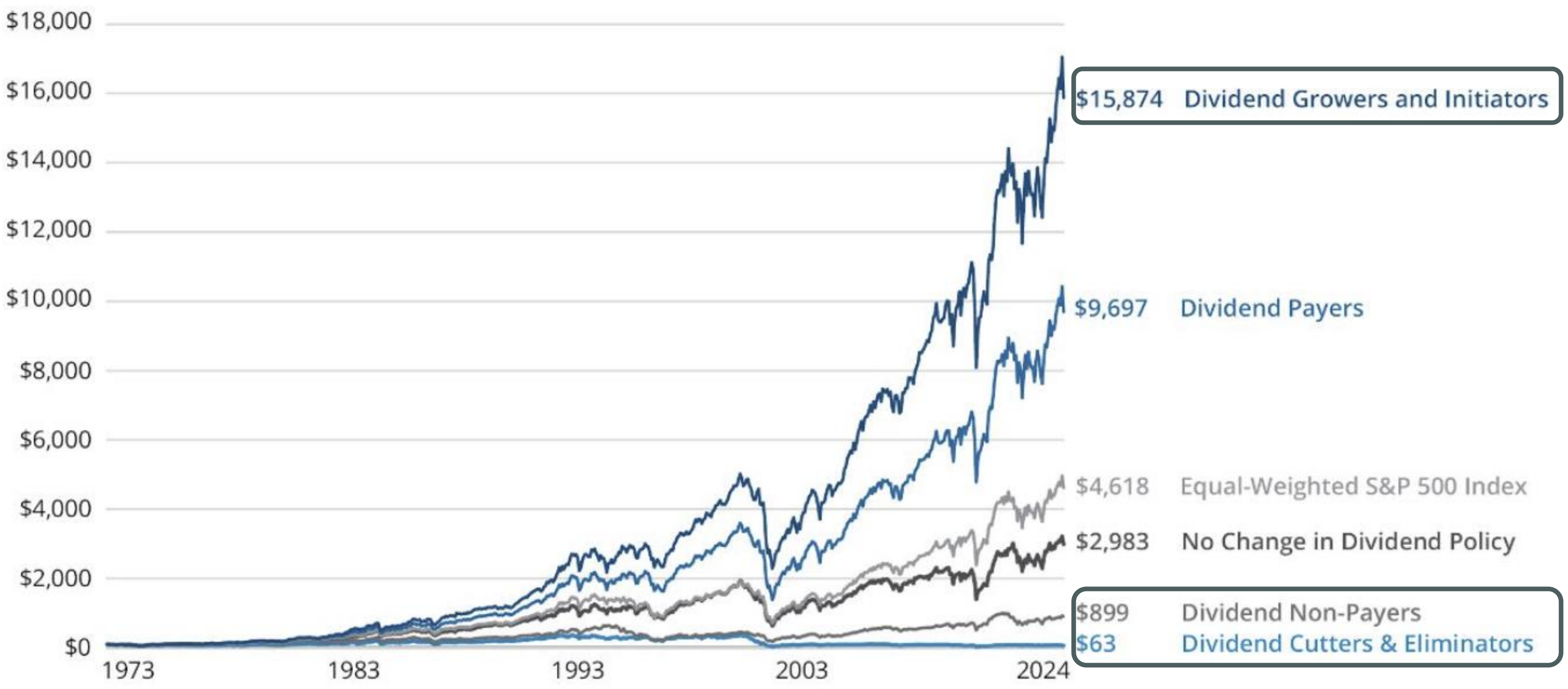
Dividend Growers Have Outperformed

Returns of S&P 500 Index Stocks by Dividend Policy: Growth of $100 (1973–2024)



Source: Ned Davis Research and Hartford Funds. Data as of December 31, 2024.

Screens Requiring Dividend Growth

- Weiss Blue Chip Dividend Yield
  - Dividends have been raised at least three times over past seven years

- High Relative Dividend Yield
  - The dividend has increased over each of the last six fiscal years
  - The seven-year growth rate in dividends per share is greater than 3%

Screens at https://www.aaii.com/stocks/screens/1 and https://www.aaii.com/stocks/screens/80.

Dividend Growth Traits We Desire

- Growth in cash flow from operations
  - Over the past 12 months
- Return on assets above sector median
  - More efficient companies than their peers
- Dividend growth over the past 12 months
  - Higher is better
- At least five years of dividend growth
  - Higher annualized growth rates are better

Source: AAII Dividend Investing (https://di.aaii.com).

AAII Dividend Investing Seeks Value, Growth and Quality

DIVIDEND VALUATION SCORE: 15

DIVIDEND VALUATION GRADE

A

Deep Value

A	B	C	D	F
0-20 Deep Value	21-40 Value	41-60 Average	61-80 Expensive	81-100 Ultra Expensive

DIVIDEND GROWTH SCORE: 89

DIVIDEND GROWTH GRADE

A

Very Strong

A	B	C	D	F
81-100 Very Strong	61-80 Strong	41-60 Average	21-40 Weak	0-20 Very Weak

DIVIDEND STRENGTH SCORE: 94

DIVIDEND STRENGTH GRADE

A

Very Strong

A	B	C	D	F
81-100 Very Strong	61-80 Strong	41-60 Average	21-40 Weak	0-20 Very Weak

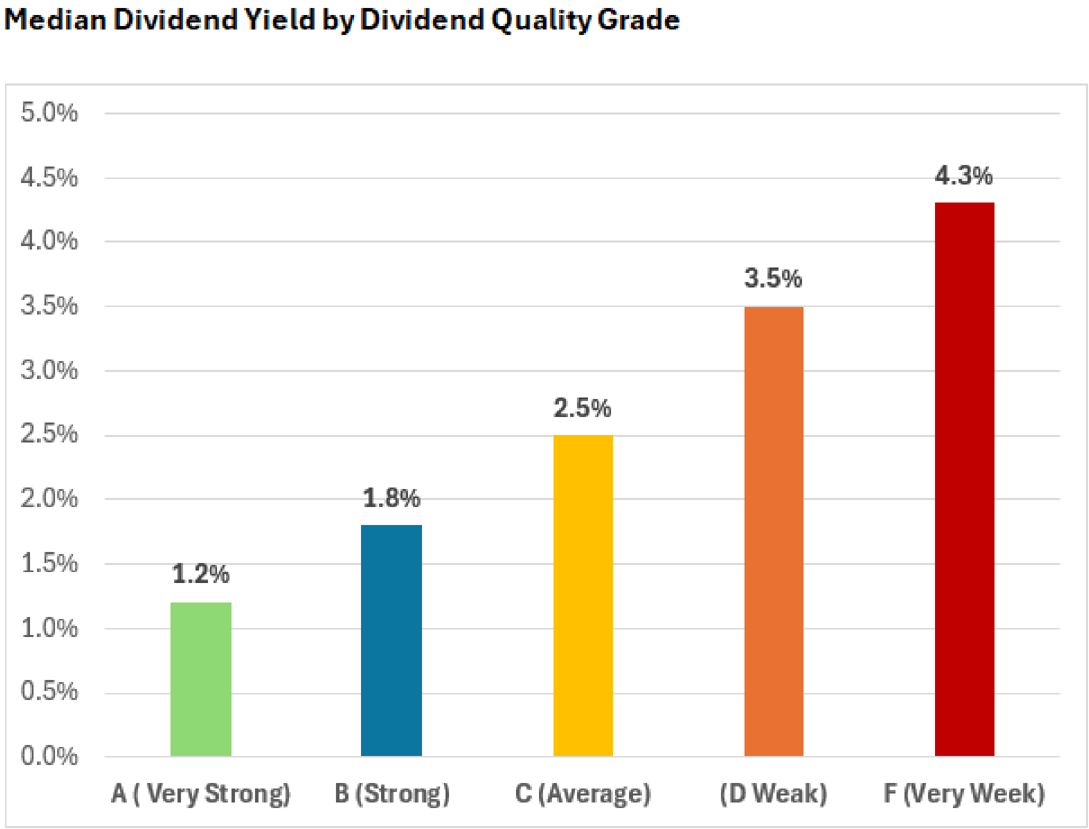
Grades for EOG Resources Inc. (EOG).
Source: AAII Dividend Investing. Data as of 8/22/2025.

Dividend Strength Grade Components

- Earnings payout ratio
  - Below sector median is better
- Ratio of total liabilities to total assets
  - Lower is better
- Times interest earned
  - Higher than sector median is better
- Dividend sustainability
  - No cuts in past seven years is desired

Source: AAII Dividend Investing (https://di.aaii.com).

Be Wary About High Yields



Exchange-listed stocks, excluding REITs and stocks without a trailing 12-month and indicated dividend.
Source: AAII Dividend Investing, AAII Stock Investor Pro *and S&P Global Market Intelligence. Data as of 8/4/2025.*

Dividend Funds in AAII’s ETF Guide

Overview | Performance (NAV) | Performance (Price) | Risk | Portfolio | Management & Fees

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	Ticker	ETF Name	Category	Portfolio Turnover	Total Assets (Mil)	Share Class Assets (M...	Yield
☐	ABLD	Abacus FCF Real Assets Leaders ETF	Large Value	84%	$56	$56	9.23%
☐	UDI	USCF ESG Dividend Income ETF	Large Value	28%	$3	$3	5.51%
☐	FDL	First Trust Morningstar Div Leaders ETF	Large Value	46%	$5,504	$5,504	4.01%
☑	SCHD	Schwab US Dividend Equity ETF™	Large Value	29%	$69,039	$69,039	3.87%
☐	SDOG	ALPS Sector Dividend Dogs ETF	Large Value	52%	$1,179	$1,179	3.84%
☑	DVY	iShares Select Dividend ETF	Large Value	19%	$19,791	$19,791	3.81%
☐	DURA	VanEck Durable High Dividend ETF	Large Value	62%	$44	$44	3.69%
☐	DHS	WisdomTree US High Dividend ETF	Large Value	38%	$1,236	$1,236	3.53%

Source: AAII and Morningstar. Data as of 7/31/2025.

Dividend ETF Comparison

Compare ETFs

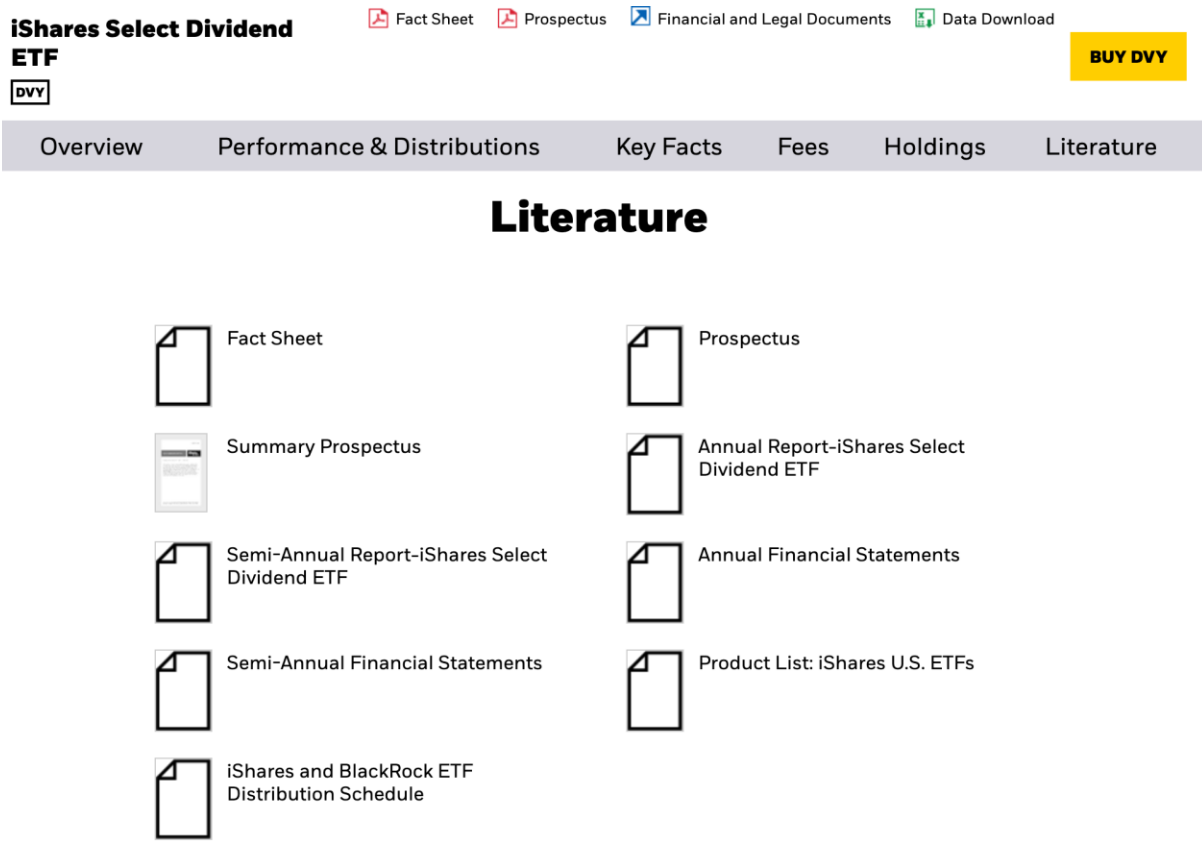
Add/Remove ETFs: schd,dvy COMPARE

Data as of 7/31/2025

	DVY	SCHD
Name	iShares Select Dividend ETF	Schwab US Dividend Equity ETF™
Category	Large Value	Large Value
Index Fund	✔	✔
Inception Date	11/03/2003	10/20/2011
Return 1-Month	1.6% A	0.0% D
Return 3-Month	6.1% D	3.6% F
Return YTD	4.7% D	-1.1% F
Return 1-Year	7.9% D	-0.2% F
Return 3-Year	7.4% F	6.1% F
Return 5-Year	14.3% B	11.7% F
Category Risk Index	1.07 F	0.98 B

Source: AAII and Morningstar. Data as of 7/31/2025.

Know What Your Fund Does



Source: iShares.

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AAII + BetterInvesting: Tools & Tactics for Dividend Investors

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