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A Final Analysis of Dividend Stocks

By **David Peltier**

Special Note: We at TheStreet.com are always trying to provide our subscribers with products that offer the most value. As such, we occasionally need to discontinue services in order to add new ones that better align with changing investor interests. As part of that process, we have decided to cease publication of Dividend Stock Advisor with this, the July 17th issue. Rest assured that the archive of newsletters will still be available for a period of 30 days.

If you have any questions, please do not hesitate to phone one of our customer service representatives at 1-866-321-8726. We appreciate your interest in our premium investment products and look forward to serving your investing needs in the near future.

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I've very much enjoyed writing the *Dividend Stock Advisor* newsletter over the past six years, and I want to thank readers for their support. Whether you're new to the service or have been a follower since the beginning, I hope that it's been as valuable and rewarding of an experience as it's been for me.

Over the life of the newsletter, there were no dividend cuts from an active stock in the model portfolio, which generated consistent, market-topping returns. *Dividend Stock Advisor* also helped readers avoid countless other pitfalls in unsustainable dividends through the Scorecard, and later the "Chopping Block" feature.

Additionally, by helping individuals better understand how dividends work after the tax cuts in 2003, we even managed to coin the term "must-own date," which will hopefully continue to be used after today.

I hope that readers continue to check out my other *TheStreet.com* content and newsletters, including [Stocks Under \\$10](#). Feel free to email me with any dividend questions you may have in the future at david.peltier@thestreet.com.

And now for some final thoughts about a few names currently in the model portfolio:

- **Consolidated Edison** (ED) declared its latest 59-cent quarterly dividend (6.3% yield) on July 16. Investors at the close of trading Aug. 14 will qualify for the Sept. 15 payment. This charter member of the model portfolio continues to have the highest secure dividend yield among utilities with an A-rated balance sheet. Shares closed at \$37.69 on Thursday.
- Shares of **Kraft Foods** (KFT) increased more than 7% over the past week, closing Thursday at \$27.73. The stock was upgraded at the brokerage BMO Capital on July 13, and the company finally appears to be back on track.

(Continued on the next page)

Kraft shares remain attractively valued at current levels, for the 4.2% dividend yield. In fact, I expect that management will raise the company's dividend in September.

- **Reynolds American** (RAI) announced its next quarterly dividend of 85 cents per share (8.4% yield) on July 16. Shareholders at the close of trading Sept. 7 will qualify for the Oct. 1 payment. Despite declining U.S. demand, I maintain that the company's above-average yield is secure. Shares closed at \$40.36 on Thursday.

- **World Wrestling Entertainment** (WWE) gained more than 9% over the past week, closing Thursday at \$13.61. I continue to believe that the company's 10.9% dividend yield is the most attractive double-digit yield in the market.

Finally, here is the most up-to-date list of confirmed earnings report dates for the companies in the model portfolio:

- July 23: **AT&T** (T), **Kimberly-Clark** (KMB) and Reynolds American
- July 29: **California Water Service** (CWT)
- Aug. 3: **Mercury General** (MCY)
- Aug. 4: Kraft Foods
- Aug. 6: World Wrestling Entertainment

(Scorecard appears on the next page)

The Dividend Advisor Scorecard

Rating	Company	Yield	New Payment	Former Payment	Freq.	Must-Own Date
Raised Dividends						
↑	AO Smith (AOS:NYSE)	2.2%	\$0.195	\$0.19	Q	7/28
↓	Fastenal (FAST:Nasdaq)	2.3%	\$0.37	\$0.35	S	8/12
↑	Healthcare Services (HCSG:Nasdaq)	4.0%	\$0.19	\$0.18	Q	7/21
↓	Landstar System (LSTR:Nasdaq)	0.5%	\$0.045	\$0.04	Q	8/5
Lowered Dividend						
↓	Vulcan Materials (VMC:NYSE)	2.4%	\$0.25	\$0.49	Q	8/21

Legend: Stocks in the scorecard are rated ↑ -- *Attractive* or ↓ -- *Avoid*. These ratings are David Peltier's opinion of the stock, relative to its industry peers, and do not imply a buy or sell recommendation. Frequency: A: Annual; Q: Quarterly, M: Monthly, S: Semiannual, BM: Bimonthly, X: Special.

Dividend Advisor Model Portfolio

Company & Ticker	Open Date	Cost Basis per Share	Annual Yield	Ex-Dividend Date	Current Price	% Gain/Loss (excl. dividends)	Total Return
California Water CWT	5/13/05	\$34.95	3.3%	5/6/09	\$37.43	7.10%	20.37 %
Consolidated Edison ED	1/24/03	\$40.44	6.3%	5/11/09	\$37.69	-6.80%	30.09 %
Hillenbrand HI	3/12/09	\$16.14	4.3%	6/12/09	\$17.42	7.93%	9.08 %
Kraft Foods KFT	8/31/07	\$31.92	4.3%	6/26/09	\$27.73	-13.13%	-6.11 %
Kimberly-Clark KMB	11/11/05	\$58.78	4.5%	6/3/09	\$54.38	-7.49%	5.19 %
Mercury General MCY	3/6/09	\$23.62	7.3%	6/11/09	\$32.89	39.25%	44.16 %
T. Rowe Price TF PRTAX	3/21/03	\$9.90	7.8%	2/27/09	\$9.48	-4.24%	23.33 %
Reynolds American RAI	8/31/07	\$66.21	8.7%	6/8/09	\$40.36	-39.04%	-30.06 %
Reynolds American RAI	3/6/09	\$32.45	8.7%	6/8/09	\$40.36	24.38%	24.38 %
AT&T T	8/22/08	\$30.90	7.0%	7/8/09	\$23.71	-23.27%	-19.32 %
World Wrestling Ent. WWE	11/14/08	\$12.65	11.3%	6/11/09	\$13.61	7.59%	16.13 %
World Wrestling Ent. WWE	12/8/06	\$16.57	11.3%	6/11/09	\$13.61	-17.86%	2.41 %

TheStreet.com Dividend Advisor - Performance

Total Average Return	9.33%	Performance results listed here reflect values of stocks as of the close of the most recently completed trading day, including dividends paid, but do NOT take into account interest earned or commissions. Results are updated overnight and posted prior to the market open the following business day. The Total Average Return figures reflect changes since inception on 1/24/2003. *The DVY is the iShares Dow Jones Select Dividend (DVY:NYSE) exchange-traded fund.
2009 YTD Return	4.70%	
2009 YTD Return on DVY*	-9.51%	

(If you have any questions or comments for David, please [send an email](#) directly to him. He welcomes your feedback.)

Contact Info

Reader Feedback and Questions

Please [send an email](#) directly to David. Again, please direct all account-related inquiries to customer service

Subscription/Account Info

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