



# The Equity Income Buy List

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Whether you're planning for retirement, already enjoying it, or opening your first investment account, we believe dividends can be an important piece of your investment strategy. When you stop working, income may become a concern, and a regular income stream could help pay for groceries, health care costs and vacations. If additional income is not needed now, dividends can be reinvested to grow wealth for your future needs. The Edward Jones Equity Income Buy List includes attractively priced stocks with appealing dividends in each sector. Keep in mind that dividends can be increased, decreased or eliminated at any time.

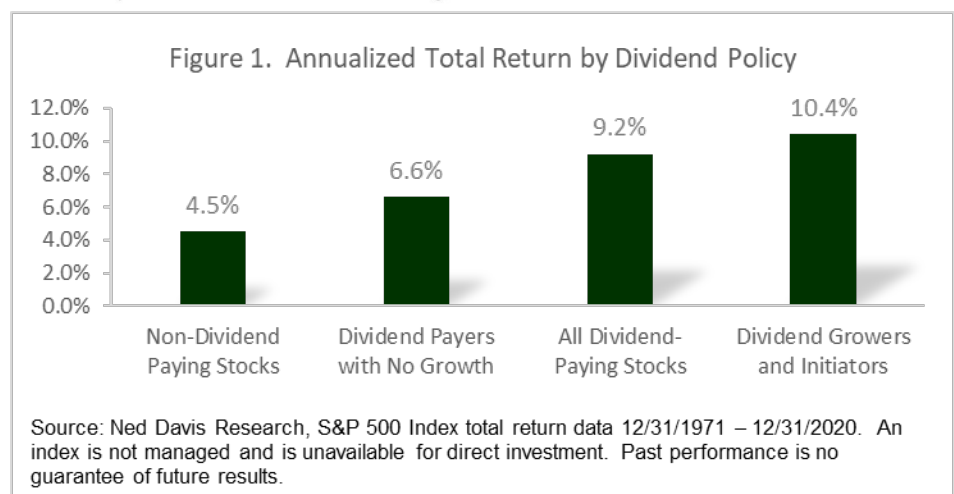
## Investment Strategy Summary

The Equity Income Buy List's primary objective is to provide an above-average dividend yield with the potential for dividend increases. Secondly, this income strategy seeks to provide a competitive total return with less price volatility than the market.

## The Case for Dividends

We believe dividend-paying stocks can be an important part of a complete equity portfolio. We recommend owning high-quality companies that pay an attractive dividend and are able to raise it over time. If owning individual stocks is right for you, a dividend-focused strategy offers several potential benefits including:

- **A regular income stream** – Most dividend-paying stocks pay dividends quarterly. By staggering your stock holdings based on the date they pay their dividend, you can potentially receive a dividend check every month. Our Monthly Income Strategy on Page 2 can help you accomplish this.
- **Offset inflation risk** – Inflation is a common concern when investing for a long time horizon. A stream of rising dividend income can help offset higher costs of living over time.
- **The power of reinvestment** – Dividends have been an important part of a stock's total return on investment. Historically, dividends that have been reinvested have accounted for nearly 40% of the total return on stocks.<sup>1</sup>
- **Track record of good performance** – Over long periods of time, dividend-paying stocks have outperformed those without dividends. And the stocks of companies that grew their dividends performed even better. See Figure 1.



- **Lower volatility** - Dividends can be a signal of strong corporate financial health. Historically, stocks with attractive dividend profiles perform better during market downturns, as investors value the steadiness of dividends. See Figure 1.

Please see important disclosures and analyst certification on Page 4 of the report.

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## How We Build the List

The stocks on the Equity Income Buy List are selected using a bottom-up approach with Buy recommendations by Edward Jones Research. Our Buy-rated stocks focus on quality companies with strong financial positions, sound fundamentals, and attractive valuations. We then apply sector and subsector diversification to this dividend-focused strategy, favoring sectors that meet our income and volatility objectives. Selected stocks typically behave more consistently than the general market with Average or Below-average price movement and display the following dividend characteristics:

### 1 Attractive current dividend yield.

The average dividend yield of the overall list is well above the current market yield.

Source: FactSet, S&P 500

### 2 Solid track record of paying and growing the dividend. The average dividend increase for the list is approximately 8% over the past 12 months.

Source: FactSet, S&P 500

### 3 Continuing ability to pay and grow dividends over time.

Rising income can help offset the impact of inflation.

## Portfolio Fit: Equity vs. Fixed Income

The Equity Income Buy List may be included as part of the overall equity portion of a diversified portfolio. Many of the stocks on the list are large-sized companies that satisfy the Growth & Income Investment Category. Keep in mind, dividend-paying stocks are not a replacement for fixed-income investments. We believe you should have adequate exposure to bonds to fulfill the income allocation that is consistent with your overall investment objective. Bonds offer investors attractive diversification benefits, as they typically move in the opposite direction from stocks.

## Plan for Monthly Income

Most dividends are paid quarterly, but companies pay their dividends during different months. By selecting one stock from each column in the following chart, you can potentially receive dividend payments every month of the year.

January, April, July, October	February, May, August, November	March, June, September, December		
BCE, Inc. (BCE) Cisco Systems (CSCO) Equity Residential (EQR) Illinois Tool Works (ITW) JP Morgan Chase (JPM) Medtronic (MDT) Merck (MRK) Omnicom Group (OMC) State Street (STT)	Lowe's (LOW) Procter & Gamble (PG) Starbucks (SBUX) Verizon Comm. (VZ) Texas Instruments (TXN)	Aflac (AFL) Ameren (AEE) BlackRock (BLK) Broadcom (AVGO) Chevron (CVX) Digital Realty Trust (DLR)* Duke Energy (DUK)	Eli Lilly (LLY) Enbridge (ENB) Honeywell (HON) IBM (IBM) Johnson & Johnson (JNJ) Kellogg (K) Linde (LIN)	McDonald's (MCD) Lockheed Martin (LMT) PepsiCo (PEP)* Pfizer (PFE) Truist (TFC) United Parcel Service (UPS)
				*pays Dec. dividend in Jan.

Actions for Investors: Talk with your financial advisor about appropriate ways to include dividend-paying stocks for your current and rising income needs as part of your overall portfolio.

## Performance as of August 31, 2021

Dividend Yield & Growth	Equity Income Buy List	Russell 1000 Value	S&P 500
Current Yield %	2.8	1.8	1.3
1 YR Dividend Growth %	8.1	-2.5	0.1

Total Return %	YTD	1 YR	5 YR	10 YR
Equity Income Buy List	19.7	30.7	13.5	13.7
Russell 1000 Value	20.3	36.4	11.7	13.0
+/- Index	-0.6	-5.7	+1.8	+0.7

Source: Morningstar & Factset. All periods show annualized returns. All data is for the period ending August 31, 2021. Past performance is not a guarantee of future results. Since inception in April 2005, the Edward Jones Equity Income Buy List has provided an average total return of 10.2% compared to 8.1% for the Russell 1000 Value Index and 10.6% for the S&P 500. Total returns assume reinvestment of dividends, capital appreciation and an annual management fee of 0.30% (prior to 2009 a transaction fee of 1% was assessed). The investment return and principal value of an investment will fluctuate. An investor's equity, when liquidated, may be worth more or less than the original cost. Performance results do not represent actual trading or the performance of an actual account. The Russell 1000 Value Index and the S&P 500 are unmanaged indexes and unavailable for direct investment.

## The Equity Income Buy List – Quick Overview

The Equity Income Buy List is designed to provide an above-average dividend yield and the potential for rising income. The list includes a mix of stocks from all industry sectors. We recommend owning individual stocks within a diversified portfolio as appropriate for each portfolio objective. All stocks on the list are rated “Buy.”

Company and Symbol	Price as of 9/01/2021	Yield	Annual Dividend	Dividends Paid Since	Consecutive Years Increased	% Last Div. Increase	LT Dividend Growth Est.	Price Movement
<b>Communication Services</b>								
BCE (BCE)	\$52.26	5.30%	\$2.77	1881	13	5%	4%	Below Average
Omnicom Group (OMC)	\$73.39	3.82%	\$2.80	1986	1	8%	5%	Average
Verizon Communications (VZ)	\$54.94	4.57%	\$2.51	1984	14	2%	2%	Below Average
<b>Consumer Discretionary</b>								
Lowe's (LOW)	\$203.43	1.57%	\$3.20	1961	60	33%	12%	Average
McDonald's (MCD)	\$238.15	2.17%	\$5.16	1976	44	3%	7%	Below Average
Starbucks (SBUX)	\$117.45	1.53%	\$1.80	2010	10	10%	7%	Average
<b>Consumer Staples</b>								
Kellogg (K)	\$63.29	3.67%	\$2.32	1923	1	2%	4%	Below Average
PepsiCo (PEP)	\$157.91	2.72%	\$4.30	1952	49	5%	8%	Below Average
Procter & Gamble (PG)	\$143.84	2.42%	\$3.48	1890	65	10%	6%	Below Average
<b>Energy</b>								
Chevron (CVX)	\$95.71	5.60%	\$5.36	1912	34	4%	4%	Below Average
Enbridge (ENB)	\$39.47	6.61%	\$2.61	1952	26	3%	6%	Average
<b>Financial Services</b>								
Aflac (AFL)	\$56.34	2.34%	\$1.32	1985	36	18%	5%	Average
BlackRock (BLK)	\$943.82	1.75%	\$16.52	2003	12	14%	10%	Above Average
Digital Realty Trust (DLR)	\$166.60	2.79%	\$4.64	2005	16	4%	7%	Average
Equity Residential (EQR)	\$85.56	2.82%	\$2.41	1993	3	6%	5%	Below Average
JP Morgan Chase (JPM)	\$159.72	2.50%	\$4.00	1827	1	11%	7%	Average
State Street (STT)	\$91.87	2.48%	\$2.28	1910	1	10%	8%	Average
Truist (TFC)	\$56.22	3.42%	\$1.92	1995	1	7%	8%	Average
<b>Health Care</b>								
Eli Lilly (LLY)	\$257.40	1.32%	\$3.40	1885	7	15%	14%	Below Average
Johnson & Johnson (JNJ)	\$173.74	2.44%	\$4.24	1944	59	5%	6%	Below Average
Medtronic (MDT)	\$134.17	1.88%	\$2.52	1977	44	9%	8%	Below Average
Merck (MRK)	\$76.18	3.41%	\$2.60	1935	10	7%	8%	Below Average
Pfizer (PFE)	\$46.04	3.39%	\$1.56	1901	12	3%	4%	Below Average
<b>Industrials</b>								
Honeywell (HON)	\$229.80	1.62%	\$3.72	1887	11	3%	12%	Below Average
Illinois Tool Works (ITW)	\$231.28	2.11%	\$4.88	1933	59	7%	10%	Average
Lockheed Martin (LMT)	\$356.66	2.92%	\$10.40	1995	18	8%	6%	Below Average
United Parcel Service (UPS)	\$196.40	2.08%	\$4.08	2000	11	1%	7%	Average
<b>Materials</b>								
Linde plc (LIN)	\$313.88	1.35%	\$4.24	1992	28	10%	13%	Below Average
<b>Technology</b>								
Broadcom (AVGO)	\$493.16	2.92%	\$14.40	2011	9	11%	8%	Average
Cisco Systems (CSCO)	\$59.04	2.51%	\$1.48	2011	10	3%	4%	Average
IBM (IBM)	\$139.30	4.71%	\$6.56	1916	26	1%	5%	Average
Texas Instruments (TXN)	\$188.35	2.17%	\$4.08	1962	17	13%	8%	Average
<b>Utilities</b>								
Ameren (AEE)	\$88.76	2.48%	\$2.20	1906	8	7%	7%	Below Average
Duke Energy (DUK)	\$106.12	3.71%	\$3.94	1926	14	2%	4%	Below Average
<b>LIST AVERAGE</b>		<b>2.91%</b>				<b>8%</b>	<b>7%</b>	



**Please see the individual research reports for additional information, including disclosures, analyst certifications, valuation and risks specific to each company.**

### **Analyst Certification**

I certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report. Robin Diedrich, CFA, CFP®; James Shanahan, CFA; Ashtyn Evans, CFA

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Special risks are inherent to international investing including those related to currency fluctuations, foreign political and economic events.

Dividends can be increased, decreased or eliminated at any time without notice.

An index is not managed and is unavailable for direct investment.

### **Opinion Rating Definition:**

Buy (B) - We believe the valuation is attractive and total return potential is above average over the next 3-5 years compared with industry peers.

### **Price Movement:**

Above Average (AA) – This stock will likely move up and down to a greater degree than the average stock in the S&P 500 Index. These companies are often growing faster than the average company and/or are in industries that are more sensitive to the economy. Average (A) – This stock will likely move up and down to a similar degree of the average stock in the S&P 500 Index. Below Average (BA) – This stock will likely move up and down to a lesser degree than the average stock in the S&P 500 Index. These companies are often more mature, growing slower than the average company and/or are in industries that are less sensitive to the economy.