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The rising income list

Stay a step ahead of inflation

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Filling up your gas tank or checking out with a cartful of groceries can quickly remind you how much inflation impacts your wallet. Retirement can stretch over 30 years or more, so inflation can be particularly worrisome as prices creep up over time. That's why it's so important for your investments to provide the potential for long-term growth and rising income, especially when preparing for retirement.

The power of rising income

Companies that raise their dividends at an above-average rate can help you stay a step ahead of rising costs. These "rising income list" stocks may not provide the highest dividend yields today, but they often increase their dividends faster than the rate of inflation.[1] Companies that pay dividends and grow them quickly also tend to have strong earnings growth.[1] And strong earnings growth can translate into potential stock price growth and the opportunity for better real total returns over the long run.

However, don't ignore companies with a lower initial dividend. If a company is expected to grow its earnings and dividends at an above-average rate, the dividend may provide more income over time, compared to a company with a higher dividend today that is unable to grow. Dividend payments and the decision to increase or decrease them are voluntary and not guaranteed.

[1] Edward Jones research.

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

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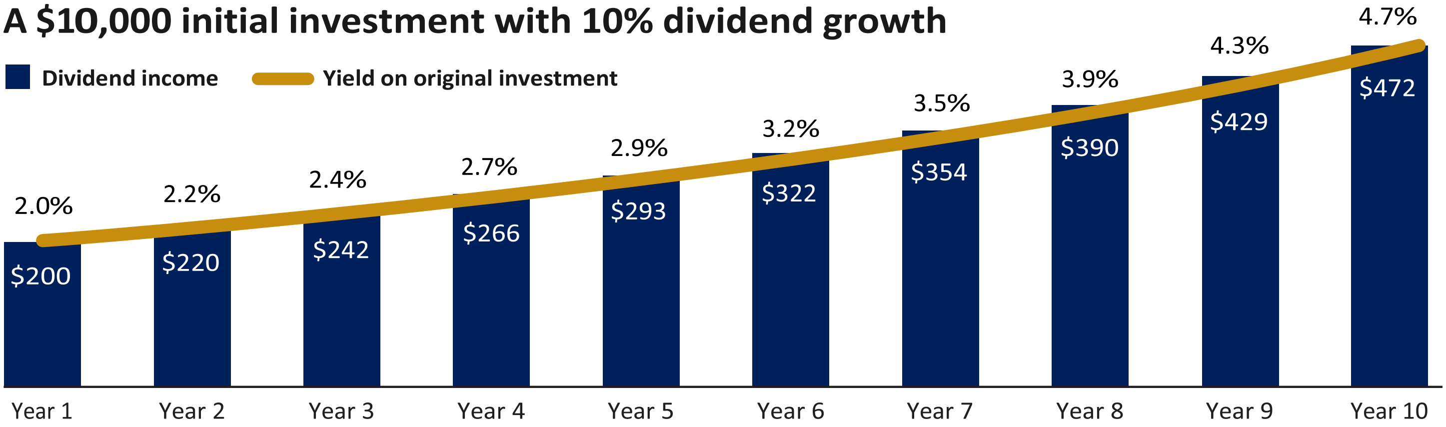
For example, imagine you bought $10,000 of a stock with an initial dividend yield of just 2%. If the company raised its dividend annually by an average of 10%, your annual income from this investment would jump from $200 to $472 over a 10-year period.

A $10,000 initial investment with 10% dividend growth



Source: FactSet, Bloomberg. Hypothetical example is for illustrative purposes only and does not reflect the performance of any specific investment.

Building your portfolio

The average dividend yield of the companies on the Rising Income List is similar to the market average (about 2%), and the list typically tilts toward companies in faster-growing cyclical sectors, including industrials, technology and consumer discretionary. We expect these companies to grow their dividends much faster than the historic inflation rate of about 3%.

If you need to fill any gaps in the diversification of your stock portfolio, some of the stocks on this list may provide the opportunity to add growth to your portfolio and rising income at the same time.

Realistic expectations for dividends

While the Rising Income List focuses on high-quality companies with good dividend potential over the long term, dividends can be reduced or eliminated by a company at any time without notice. Due to the severity of the recession in 2008 and 2009, for example, several companies cut their dividends, chose not to raise them or even eliminated them for a period of time.

Actions for investors

If you are thinking about owning individual stocks, talk to your financial advisor about whether companies with strong rising income potential like those on the Rising Income List may be appropriate for you. Stocks with strong prospects for earnings and dividend growth are important, even if you don’t need the income today, because reinvesting these dividends may help boost your portfolio’s performance over time.

The method behind the Rising Income List

We frequently review the companies high-lighted on the Rising Income List. First, we start with Edward Jones buy-recommended stocks. Second, we seek out those stocks with above average dividend growth potential. Finally, we review and select stocks whose dividend growth has been above the average company’s over the past five years.

The Rising Income List – Quick Overview

Above-average dividend potential and historical dividend growth.

As of April 16, 2024 — Buy-rated Companies	Investment Category	Price Movement	Price	Yield	Dividends Paid Since	Years of Div. Increases	Last Div. Increase %	L-T EPS Growth Est.	5-Yr. Trailing Div. Growth	L-T Div. Growth Est.
Communication Services										
Comcast (CMCSA)	LGCP	A	$39.12	3.2%	2008	16	7%	6%	8%	**6%**
Consumer Discretionary										
Nike (NKE)	LGCP	A	$93.39	1.6%	1984	22	9%	15%	10%	**10%**
Lowe's (LOW)	LGCP	A	$228.35	1.9%	1961	62	5%	11%	13%	**8%**
Starbucks (SBUX)	LGCP	A	$85.42	2.7%	2010	13	8%	13%	11%	**7%**
Consumer Staples										
Mondelez International (MDLZ)	LGCP	BA	$65.98	2.6%	2012	11	10%	8%	10%	**10%**
McCormick & Company (MKC)	SMID	BA	$71.80	2.3%	1925	38	8%	8%	8%	**8%**
PepsiCo (PEP)	LGCP	BA	$167.50	3.2%	1952	52	7%	8%	7%	**8%**
Target Corp. (TGT)	LGCP	A	$163.32	2.7%	1967	52	2%	8%	11%	**6%**
Energy										
TC Energy (TRP)	LGCP	BA	$35.19	8.1%	1964	24	3%	4%	5%	**3%**
Financials										
MSCI (MSCI)	LGCP	A	$513.43	1.2%	2014	11	16%	14%	18%	**14%**
Nasdaq, Inc. (NDAQ)	LGCP	A	$60.03	1.6%	2012	12	9%	10%	9%	**12%**
S&P Global (SPGI)	LGCP	A	$408.56	0.9%	1937	51	1%	12%	10%	**12%**
Visa (V)	LGCP	A	$271.35	0.8%	2008	15	16%	14%	26%	**12%**
BlackRock (BLK)	LGCP	A	$749.67	2.7%	2003	15	2%	10%	12%	**10%**
JPMorgan Chase (JPM)	LGCP	A	$180.80	2.5%	1827	2	10%	7%	8%	**7%**
Health Care										
UnitedHealth Group Inc. (UNH)	LGCP	A	$468.89	1.6%	1990	13	14%	15%	16%	**15%**
Eli Lilly (LLY)	LGCP	A	$746.74	0.7%	1885	10	15%	20%	15%	**15%**
Zoetis (ZTS)	LGCP	A	$153.02	1.1%	2013	11	15%	12%	21%	**12%**
Stryker (SYK)	LGCP	A	$337.66	0.9%	1992	31	7%	10%	9%	**10%**
Abbott Labs (ABT)	LGCP	BA	$109.21	2.0%	1926	52	8%	9%	11%	**9%**
Medtronic (MDT)	LGCP	BA	$79.25	3.5%	1977	46	2%	8%	7%	**5%**
Industrials										
Union Pacific (UNP)	LGCP	A	$231.26	2.2%	1899	16	10%	9%	17%	**9%**
Snap-On (SNA)	SMID	A	$282.45	2.6%	1939	13	15%	9%	14%	**9%**
CSX Corp. (CSX)	LGCP	A	$34.84	1.4%	1993	15	9%	9%	8%	**8%**
General Dynamics (GD)	LGCP	A	$285.30	2.0%	1979	27	8%	7%	7%	**8%**
Honeywell Int'l. (HON)	LGCP	BA	$190.72	2.3%	1887	14	5%	8%	6%	**8%**
Parker-Hannifin Corp. (PH)	LGCP	A	$544.14	1.1%	1949	67	11%	9%	14%	**7%**
Materials										
Linde plc (LIN)	LGCP	BA	$445.78	1.2%	1992	31	9%	11%	10%	**10%**
Ecolab Inc. (ECL)	LGCP	A	$220.38	1.0%	1936	33	8%	9%	4%	**9%**
Real Estate										
Prologis (PLD)	LGCP	A	$114.74	3.3%	1997	11	10%	9%	12%	**9%**
Technology										
Roper Technologies (ROP)	LGCP	A	$526.98	0.6%	1992	31	10%	11%	10%	**11%**
Intuit Inc. (INTU)	LGCP	A	$611.49	0.6%	2011	12	15%	16%	15%	**11%**
Accenture PLC (ACN)	LGCP	A	$313.94	1.6%	2005	17	15%	9%	10%	**10%**
Amphenol (APH)	LGCP	A	$112.57	0.8%	2005	11	5%	12%	14%	**10%**
Microsoft (MSFT)	LGCP	A	$414.58	0.7%	2003	19	10%	13%	10%	**10%**
Broadcom Inc. (AVGO)	LGCP	A	$1,329.06	1.6%	2011	13	14%	10%	32%	**9%**
Apple (AAPL)	LGCP	A	$169.38	0.6%	2012	11	4%	14%	10%	**8%**
Utilities										
NextEra Energy (NEE)	LGCP	BA	$61.70	3.3%	1944	21	10%	8%	11%	**10%**
Average				**2.0%**		**24**	**9%**	**10%**	**12%**	**9%**

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Analyst Certification

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

Opinion Rating Definition

Buy (B) – We believe the valuation is attractive and total return potential is above average over the next three to five years compared with industry peers.

Investment Category

Large Cap (LGCP) – Stocks of large-sized companies; Small and Mid Cap (SMID) – Stocks of small- or medium-sized companies; Aggressive (A) – Micro-cap companies, companies with share prices below $4, and emerging market equity.

Price Movement

Above Average (AA) – This stock will likely be more volatile 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 experience volatility similar to the average stock in the S&P 500 Index. Below Average (BA) – This stock will likely be less volatile than the average stock in the S&P 500 Index. These companies are often more mature, grow more slowly than the average company, and/or are in industries that are less sensitive to the economy.

