DSR PREMIUM NEWSLETTER

IN THIS ISSUE…

- Most popular Canadian stocks
- Most popular U.S. stocks

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NOVEMBER 24TH, 2023

Dear DSR member,

It is with great pleasure that we present our weekly premium newsletter which is an important component of your subscription to Dividend Stocks Rock.

You may benefit from viewing our video explaining the differences between the Buy List, our ratings, and our portfolio models. You can retrieve this information in the Videos section of the website.

Referral

Feel free to share our ideas with your friends or associates who may benefit from this information. **We would personally consider any referrals you make on our behalf to be the ultimate compliment for our efforts.**

DSR MOST POPULAR STOCKS

For the past three years, I have made a tradition of surveying my database and pulling out the most popular stocks held by our DSR PRO members. I don't look at members' individual portfolios, but my database provides the number of times each stock appears across our 2,289 DSR PRO members' portfolios. This survey is made by holdings and not by value. Therefore, I don't know how much is invested in each stock.

This year, I've gone a little further in the dataset and will provide the top 25 stocks for each country. I've divided those 25 stocks into 5 categories.

Position 1 to 5: The top 5 deserve a full page where I explain the business model, what I like, what I dislike and the company's role in a portfolio.

Position 6 to 10: The investment thesis behind each of them.

Position 11 to 25: a quick table with the yield and the sector for your orientation

Why list the top 25 most popular stocks?

You may wonder what's the point of looking at popular stocks. First, it obviously feeds some curiosity amongst DSR members to know which stocks are the most loved. However, curiosity is like chips: the more you try to feed the craving, the more you crave. Therefore, don't ask me for a top 50 next time

MOST POPULAR CANADIAN STOCKS

TELUS (T.TO / TU) 1451 MEMBERS (1ST)

For a second year in a row, Telus is the champ of the champs. I'm surprised to see Telus being the most popular stock across all the portfolios, but I must admit that it is my favorite telecom. Telus generates most of its revenue from its wireless business segment. Its products and services include data and voice, devices, and Internet of things (IoT) solutions. It offers wireline products and services, such as residential services in British Columbia, Alberta, and Eastern Quebec, healthcare solutions, automation and security solutions, business services across Canada, and customer care and business services (CCBS) solutions offered internationally.

What I like

First, I like the wireless industry in Canada. There is still organic growth potential even if 90% of the market is controlled by three players (Telus, BCE, and Rogers). Canadians could use their smartphones more, and the development of 5G will enable additional growth vectors. My favorite part about Telus is how they have diversified their business through artificial intelligence, healthcare, and agriculture. Instead of going after more media business, Telus is using technology to catapult its business into the future. It could be a hit or a miss, but it could also mean that Telus will be among the next big "Canadian Tech Stocks" 10 years from now.

What I don't like

DEBT! It's a classic story among telecoms as they rack-up debt faster than teenagers eat hamburgers! Telus must invest massively in its network, in acquiring spectrum, and its new technologies in AI, healthcare and the agriculture segments.

The second thing I don't like is how the narrative doesn't fit with the numbers right now. Telus had a clear game plan over the past 10 years: Get as much cheap debt as possible to fuel investments (CAPEX). Those investments are expected to generate stronger cash flows from operations.

We are now 10 years later and it's time to show that stronger cash flow and smaller CAPEX. It's getting better, but not fast enough. I'll be happy when we see Telus's free cash flow covering the dividend payment. Since management has increased its dividend once again in November, I guess they are confident in their future.

What's its role?

Telus will please income-seeking investors with its generous yield, but it will also attract growth investors with its technology growth segments. A great balance of growth and "sleep well at night" ingredients. I can see Telus in both "retirement" and "growth" portfolios. There are many good reasons that it's the most popular stock among all DSR PRO members!

TD BANK (TD.TO / TD) 1279 (FROM 5TH TO 2ND)

TD Bank is the largest Canadian bank in terms of assets and exchanges the first and second positions with Royal Bank on most conventional bank metrics. TD operates a classic business model mostly around banking activities (savings & loans). It has a strong presence in the U.S. with about 1/3 of its revenue coming from the other side of the border. The bank's U.S. operations span from Maine to Florida, with a strong presence in the Northeast. It also has a 13% ownership stake in Charles Schwab.

What I like

Everybody likes Canadian banks, right? When you pick among the top 2 largest banks you can't really go wrong. TD has a strong position in its markets on both sides of the border. I like its US exposure for additional growth (usually, the U.S. economy grows faster than the Canadian). They made a good move by selling Ameritrade to Schwab and now owns approximately 13.5% of Charles Schwab (SCHW). This means they receive dividends and enjoy capital growth potential moving forward. I also appreciate TD's business model that is focused on classic banking activities (savings and loans) with some wealth management. It's not an eccentric bank. You can count on its solid balance sheet to keep up with its dividend growth policy.

What I don't like

When I do my Canadian bank rankings, I place TD #3 behind Royal Bank and National Bank. Therefore, there isn't much to dislike about TD. The reason why I don't see TD going higher in my ranking is its large exposure to the loan market vs. RY and NA. As a more classic bank, TD takes less stock market risks, but by default, it is also more exposed to mortgages and commercial loan risks. We can imagine how can this play out now that we have high interest rates and possibly a slowing economy. All eyes are on their provisions for credit losses.

TD's exposure to the US market is a great source of growth, but it also means it could be exposed to a more volatile economic environment. When it comes to bank, it's the far west in the U.S.

What's its role?

TD is a sleep-well-at-night stock. This is the type of value you buy where you put it in a box and forget about it for the next 200 years (assuming you pass your shares along to your heirs!). Interestingly, you will get a fair share of growth at the same time!

FORTIS (FTS.TO / FTS) 1223 (FROM 7TH TO 3RD)

We can see a big jump in position for Fortis this year. I also increased my position in this solid utility after being burnt by Algonquin. Fortis is a classic utility offering transmission and distribution of electricity and natural gas to its customers. The company likes to remind investors that Fortis is virtually 100% regulated. It's a symbol of stability and predictable cash flow.

What I like

Fortis has invested aggressively over the past few years resulting in strong and solid growth from its core business. An investor can expect FTS' revenues to continue to grow as it continues to expand. Fortis operates regulated utilities in 18 jurisdictions. The company has generated sustainable cash flows leading to 4 decades of dividend payments. The company has a five-year capital investment plan of approximately $20 billion to be invested beginning in 2022, through to 2026. Only 33% of its CAPEX plan will be financed through debt, while 61% will come from cash from their own operations. Chances are that most of its acquisitions will happen in the US. We also like the company's goal of increasing its exposure to renewable energy from 2% of its assets in 2019 to 7% in 2035.

What I don't like

Fortis remains a utility company; in other words, don't expect astronomical growth. However, Fortis' current investment plan is enough to make investors smile. Fortis made two acquisitions in the U.S. to perpetuate its growth by opening the door to a growing market. Going forward, it may be difficult for the company to grow to a level where economies of scale would be comparable to that of other U.S. utilities. The risk of paying a high price for other U.S. utilities is also present. Fortis runs capital-intensive operations which makes its business model sensitive to interest rates. Many income-seeking investors left equities to go back to bonds and guaranteed deposits.

Finally, as most of its assets are regulated, each increase is subject to regulatory approval. While FTS has a long history of negotiating with regulators, it's possible to see rate increase demands being revised. Please also note that Fortis' revenue is subject to currency fluctuations between the CAD and USD currencies.

What's its role?

Fortis is definitely a defensive stock that you can count on no matter what the economy looks like. The utility will continue to pay a decent yield and offer a mid-single digit dividend growth rate.

ENBRIDGE (ENB.TO / ENB) 1184 (FROM 2ND TO 4TH)

Enbridge has lost two ranks this year, but it is still in a good position. Income-seeking investors will want to keep it and its 7%+ yield. I get that, but I got rid of my shares earlier this year. I don't think ENB is a bad company, but its lack of growth vectors doesn't fit well with my dividend growth investment strategy.

What I like

Pipelines are like toll roads; like it or not, if you want to go faster, you must use the road and pay the toll. In other words, Enbridge collects money days and nights as oil & gas companies pay to use their transportation asset called "pipelines". Fortunately, the world needs a lot of oil & gas to run properly, and Enbridge provides an impressive network of pipelines covering North America. Pipelines are sheltered from short-term commodity price movements as they typically enjoy long-term contracts. The company is strategically diversifying its business through acquisitions in the natural gas business. It makes sense to lower exposure to crude oil. Finally, with 28 consecutive years with a dividend increase, you can count on Enbridge to honor its shareholders' investment.

What I don't like

Legal battles and debts! The construction, maintenance and replacement of pipelines has become a toxic topic of late. Politics and regulators are quite cautious about any projects related to oil & gas transportation. It has environmental impacts, and it doesn't secure much in the way of popular vibrations across the general population. This means more legal battles, more fees, and it being more likely that projects could go sideways. This also explains why Enbridge is offering such a generous yield. Remember, there is no free lunch in finance.

While I like the strategic move of acquiring natural gas businesses, I dislike the usage of additional debt to do so. At one point, Enbridge will have to pay down its debts. With higher interest rates, the company will feel more pressure on its dividend growth policy.

I will also have ENB's dividend growth on my radar. It has slowed down to 3% per year after a generous run including double-digit increases. Does it make sense for management to increase it every year?

What's its role?

Enbridge has become a source of reliable cash flow for all its investors. Like BCE, don't expect much capital growth, but the yield combined with a steady dividend growth policy should convince you to grab a few shares to improve your portfolio's average yield. It's truly the definition of a deluxe bond. Please continue to monitor this one quarterly to ensure Enbridge's ability to pay its dues.

BCE (BCE.TO / BCE) 1175 (FROM 4TH TO 5TH)

Bell is a classic telecom company where it combines wireline (cables, internet, and phone), wireless and media. Bell Media provides conventional TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home advertising services. The company generates about 86-87% of its revenue from its wireless and wireline business while Media is about 13-14%.

What I like

I don't want to say it, but I'll say it anyway; BCE's yield is probably it's most interesting feature. While interest rates are on the rise, BCE is beating most GIC's with a 7%+ yield. That generous payout comes with steady increases since 2009. Will it continue forever? That's another story. As BCE is part of an oligopoly (Telus, Rogers, and BCE control about 90% of the Canadian wireless market), there is limited competition and high barriers to entry. Since BCE offers a wide array of products, it can easily increase the revenues generated from each of their customers. 5G requires large investments but will be a tailwind for years to come. BCE enjoys a relatively stable business generating predictable cash flows. You buy BCE for its stability and income stream.

What I don't like

The company could eventually become another AT&T. While T pleased investors for several years, things fell apart, and it ended in another high yielder nightmare story for investors. BCE's debt burden could weigh too much on its ability to increase dividends as interest rates keep increasing. Always keep track of the dividend growth and start worrying if the trend slows down. Finally, BCE seems to focus a lot on 5G (this reminds me of the big telcos in the U.S.) as its main growth vector. If it doesn't generate the expected cash flow, I wonder where BCE will find its growth.

What's its role?

This stock is a "deluxe bond" crafted for income-seeking investors. As long as the company shows increasing cash flow from operations and reduces its CAPEX to generate sufficient cash flow to cover the dividend, you will be in good hands.

ROYAL BANK (RY.TO / RY) 1165 (6th)

Royal Bank will play a similar role as TD in your portfolio. I prefer this one for its greater diversification. I like how RY's business is distributed across classic banking operations (40.4%), wealth management (29.8%), capital markets (18.3%), insurance (7%) and investor & treasury services (4.4%) based on revenues in their 2022 annual report. Capital market operations are more volatile and will sometimes crash a quarter (we have seen this with BMO in 2020). However, it's also an amazing source of growth. Once again, TD and RY are close in term of assets, popularity, and yield!

ALIMENTATION COUCHE-TARD (ATD.TO / ANCTF) 968 (7th)

You know how much I love Couche-Tard and it was part of your favorites last year. ATD is back to the 7th place after being out of the top 10 last year. Couche-Tard has proven to be quite resilient over the past few years. The company rewards shareholders with constant growth across all business segments. If you think ATD is expensive today, remember that it is trading at the same PE ratio that it had in 2018. The only difference is that ATD has more than doubled its EPS in the past 5 years.

BROOKFIELD INFRASTRUCTURE (BIP.UN.TO/BIPC.TO) 898 (8TH)

The Brookfield Family is well represented with both the 8th and 9th positions. I like BIPC for its wide diversification across multiple utility businesses: Utilities (30% of FFO) includes gas pipelines, electricity distribution and transmission lines, and smart meters. Transport (30%) includes railroads, terminals (ports), and toll roads. Midstream (30%) includes transmission pipelines, natural gas storage, and processing plants and polypropylene production capacity. Finally, Data (10%) consists of telecom towers, fiber optic cables and 50+ data centers. Keep in mind BIPC is a complex business with opaque financial statements. It's not for everyone.

BROOKFIELD RENEWABLE (BEP.UN.TO/BEPC.TO) 866 (9TH)

Similar to BIPC, BEPC took a big hit on the market this year. The stock shows a double-digit decline in 2023 and is down more than 40% over the past 3 years. You are probably wondering why you bought it if you focus too much on short-term returns. I feel your pain since I hold shares too (I'm down 20%). I don't mind much though since I intend to hold my shares for a very long time. I often say Brookfield is all about "patient capital".

SCOTIABANK (BNS.TO / BNS) 845 (10TH)

You'll guess I'm still not a fan of BNS, even at this level. While the bank may offer a juicy yield, it has lagged its peers for over 10 years now. It has turned out that its exposure to Central and South America hasn't paid off as anticipated. It's a source of volatility rather than a source of consistently higher profits.

POSITION 11TH TO 25TH

You'll find many "usual suspects" amongst this list. I own shares of many of them (although not necessarily in my pension plan account).

COMPANY NAME	TICKER	YIELD	SECTOR
Canadian National Railway	CNR.TO / CNI	2.00%	Industrial
National Bank	NA.TO	4.55%	Financial services
Emera	EMA.TO	5.94%	Utilities
TC Energy	TRP.TO / TRP	7.35%	Energy
Canadian National Resources	CNQ.TO / CNQ	4.48%	Energy
Algonquin Power	AQN.TO / AQN	7.35%	Utilities
CIBC	CM.TO / CM	6.49%	Financial services
Granite REIT	GRT.UN.TO	4.60%	REIT
BMO	BMO.TO / BMO	5.34%	Financial services
Power Corp.	POW.TO	5.63%	Financial services
Manulife	MFC.TO / MFC	5.57%	Financial services
Magna International	MG.TO / MGA	3.40%	Consumer Discretionary
Canadian Tire	CTC.A.TO	5.01%	Consumer Discretionary
Suncor	SU.TO / SU	4.88%	Energy
Brookfield Corp.	BN.TO / BN	0.82%	Financial services

TOP 10 US MOST POPULAR STOCKS

MICROSOFT (MSFT) 773 (1ST)

Microsoft is currently my favorite technology stock. The Company's segments include Productivity and Business Processes, Intelligent Cloud, and More Personal Computing. Microsoft has built an impressive portfolio of products through organic development and acquisitions. It has strong ties to corporate America and now plays a major role in the cloud business. On top of Azure (2nd largest public cloud service), MSFT is working on building another growth vector: artificial intelligence!

What I like

Take a close look at its dividend triangle as it can't get any better. The company shows double-digit revenue and earnings growth, and the dividend's annualized increase is currently 10%. The shift towards a subscription-based business for many of its products has been pure genius. Now, we all pay for our Microsoft Windows or Office Suite licenses annually. MSFT counts on multiple growth vectors including gaming (even better with the acquisition of ActivisionBlizzard), cloud, and artificial intelligence. MSFT acquired Nuance, a player in the artificial intelligence arena, for $19.7B in 2022. This acquisition will integrate well with the MSFT business portfolio and will open the door to healthcare solutions. The company also made a major investment in Open AI, creator of the famous ChatGPT.

What I don't like

When you look at a stock that keeps going up all the time, you always wonder when the party will end. The company is trading at a rich valuation. The average 5-year PE ratio is 31.4 while the stock is trading at more than 36 times its earnings. Microsoft is condemned to deliver double-digit growth. If Microsoft shows weakness in their PC segment and the cloud business doesn't deliver the expected growth (think of what recently happened to Intel), the stock could trade lower.

What's its role?

I like to put Microsoft in the "growth and defense" category. Such a strong company will go through recessions and continue to perform. It's only portfolio flaw lies in its low yield and rich valuation.

APPLE (AAPL) 710 (2ND)

Do I really need to introduce you to Apple? Apple has generated about 50% of its revenue from its iPhone. It was once seen as a one-trick pony, but Apple has developed several other "business lines" that completes its product ecosystem. Its services business now accounts for 20% of its sales (and that segment is growing). Then, about 10% of its sales comes from wearables, another 10% from Mac systems, and another 10% from iPads. Apple can gradually increase its prices in the services business to offset any slowdown in iPhone sales.

What I like

Apple's iPhone looks like an infinite fountain of cash flow. The company can afford to be second, third or even 10th to enter a new market. But when it enters, Apple does it with a full-strength blow packed by raving fans waiting for their next product. This is how they have shown double-digit growth in their service business segment for several years now. Apple has a strong and innovative culture that should propel its business forward indefinitely. It generates impressive cash flow quarter after quarter and management knows how to use it to keep Apple on the top of the mountain.

What I don't like

Apple stock looks as expensive as its products. We keep saying there is a price for quality. Well, paying more than 30 times its forward earnings still seems a bit steep, especially when we expect a recession in the near term. While the company has proven time and time again it can battle against any other tech stock, there are new and innovative companies rising from everywhere in this market. Just because the iPhone killed the Blackberry doesn't mean it cannot be similarly knocked off its pedestal. The market will remain focused on short-term iPhone sales, and they won't be great. Therefore, AAPL could go sideways for a while. But you know the story, next time we have a surprise sales story around phones, AAPL will surge to new highs.

What's its role?

Forget about its P/E ratio and its yield and go for Apple's growth in your portfolio. Interestingly, I also see Apple as a great defensive stock. Companies that can build such a strong quality brand as Apple has will also find its customers (referred to as raving fans!) fully receptive to their new products even during tough economic times.

ABBVIE (ABBV) 576 (3RD)

I must admit I'm a bit surprised to find a pharmaceutical firm as the third most popular U.S. stock. While AbbVie deserves a place in the top 10, I would have thought that its volatility would have cooled off the interest of some investors. AbbVie offers its products in various therapeutic categories, including Immunology products, which include Humira, Skyrizi and Rinvoq; Oncology products consist of Imbruvica and Venclexta; Aesthetics products include Botox Cosmetic, Juvederm Collection, and other aesthetics; and Neuroscience products. In other words, we are talking about specialty drugs and aesthetics.

What I like

AbbVie has one of the most promising drug pipelines in the industry. With the combination of aesthetics products, ABBV is set to generate many blockbusters. ABBV's growth is also fueled by its hematologic oncology portfolio. In addition, we see promising growth from its psoriasis and rheumatoid arthritis drugs. I admire management's confidence in its ability to pay dividends with generous dividend increases over the past 5 years. A great combination of a generous yield (over 4%) and growth potential.

What I don't like

Patent expirations and large amounts of debt. Humira is AbbVie's largest blockbuster ever and it counts for more than 50% of its profits. The problem? The Humira patent expired in 2023 for the U.S. and it had an important impact on ABBV's results this year. This is a big Damocles sword as the company is losing the race to replace Humira sales (and profitability) within its pipeline. ABBV stock shows its fair share of volatility, so you must be ready to ride the roller coaster. While I like the acquisition of Allergan (Botox), this has also pushed its debt levels even higher. Let's hope that acquisition is a success!

What's its role?

An investment in AbbVie will provide you with a solid yield that will also come with its fair share of headaches. The stock price is highly volatile and moves easily in double-digits on news of consequence. You have been warned.

JOHNSON & JOHNSON (JNJ) 508 (FROM 5TH TO 4TH)

Many investors pictured JNJ as the maker of Tylenol and think that their “consumer staple” products are the bulk of their business. That was false and I’m glad the company spun off its consumer staple products into Kenvue (KVUE) this year. JNJ is now a big pharma company with medical devices as a side gig. The company has settled its legal issues and is now ready to move on.

What I like

Johnson & Johnson is the world's largest and most diverse healthcare firm. However, the problem with big pharma is often patent expirations. Fortunately, JNJ has specialized in complex drugs that are harder and more costly to replicate. This allows those drugs to generate solid sales even after their patent expires. I also like how the company can rely on other business segments as a source of reliable and consistent cash flow. Finally, JNJ is also one of the Dividend Kings which are a small group of dividend growers with over 50 years of consistent dividend increases. This is another example of a company that will survive and even thrive during any kind of recession. Once again, JNJ has proven its resiliency this year.

What I don’t like

Like 3M, JNJ can be placed in a delicate situation when lawsuits arrive on their desks. It happens from time to time, and it usually hurts the stock price. With most of its revenue coming from their pharmaceutical division, JNJ’s growth is somewhat tied to its drug pipeline. If the company can’t come up with new blockbuster drugs, selling medical devices won’t be enough to create continued and growing value for their shareholders.

What’s its role?

JNJ is a strong defensive play that will occasionally provide shareholders with capital appreciation. Again, this is the type of stock that could go “dormant” for a while before exploding on good news.

VISA (V) 498 (FROM 7TH TO 4TH)

How about a low yield, high growth stock to boost your portfolio performance? Visa has been on a roll since its IPO. In fact, we all regret not buying it 10 years ago! Visa is the largest player in a playground that requires size and scale to be successful. Visa will continue to surf on international money transfers and ecommerce expansion. It's ability to follow (and create) trends in money transfer will be crucial going forward. If you thought Visa was expensive last year, you may want to change your mind now.

What I like

Visa shows a nearly perfect dividend triangle (5-year revenue growth of 9.65%, EPS of 11.75%, and dividend growth of 16.90%). V's key to success was building the widest and most secure network for the transfer of funds. Visa partners with major financial institutions across the world, and customers pay a commission for each transaction. As there is a clear trend favoring electronic payments, Visa has already established its network, allowing it to benefit from this strong tailwind. Finally, I like that the company doesn't carry significant debt on its balance sheet. Visa focuses on the quality of its payment network and leaves the consumer debt to financial institutions. They make money on transactions, no matter if the consumer ends-up paying or not at the end of the month.

What I don't like

As is often the case with low-yield, high-growth stocks, Visa seems to always trade at a rich valuation. The current PE is at 30 (but the average over the past 5 years is 36!). It may prevent you from pulling the trigger if you are worried about buying a stock at the "wrong" price. I hesitated several years before I bought it in 2017. While the company has built a sticky business model, we may see merchants going rogue and try to negotiate fees with Visa one day. There is a limit of fees you can squeeze from merchants (especially if they find alternatives!).

What's its role?

Visa is definitely a play on growth. It will get hurt during recessions since consumers will spend and travel less.

BLACKROCK (BLK) 419 (6TH)

Unfortunately, it has been another rough year for the world's largest asset manager (including ETFs!). BLK is by far my favorite U.S. financial stock. BLK has recently made a big comeback, but it's still lagging the S&P 500. The company is the largest ETF creator and sponsor in North America and enjoys strong economies of scale and organic growth from this segment. Its platform Aladdin is growing fast as portfolio managers are using it to improve their portfolios and reduce their risk. BLK now offers a yield above 3% and trades at a PE around 20.

HOME DEPOT (HD) 362 (7TH, NEW)

I added Home Depot to my portfolio earlier in 2023. The company has shown a rare sign of stock price weakness since 2022. HD is the world's largest home improvement retailer with more than $150B in sales. HD has built a strong relationship with PRO builders as it can make everything they need available when they need it. One of the key elements in its success has been double-digit growth in the online segment over the past 5 years. Its website is among the largest platforms in the world.

BROADCOM (AVGO) 322 (8TH, NEW)

Broadcom is a rare tech stock I love but I don't own (and it has been on quite a ride this year!). The stock surged more than 75% in 2023 as it is seen as a key player in artificial intelligence expansion. The company also enjoys a sticky business with its RF filters segment. Broadcom is known for its aggressive (and successful) growth by acquisition strategy.

3M CORP (MMM) 320 (FROM 4TH TO 9TH)

3M is the perfect example of a well-diversified business that has one common goal across all its business segments: innovation. The Company operates through four segments: Safety and Industrial, Transportation and Electronics, Health Care, and Consumer. It is expected to spin-off its Health Care business in 2024. Nearly 50% of the company's revenue comes from outside the Americas with the safety and industrial segment constituting a plurality of net sales. Unfortunately, 3M has faced a lot of challenges over the past few years (costly lawsuits, inflation and lack of growth). There are a lot of problems to be fixed before 3M gets some love from the market.

LOCKHEED MARTIN (LMT) 304 (FROM 8TH TO 10TH)

Lockheed Martin has been a regular candidate for our buy list and favorite stock picks newsletter editions. LMT has done well recently. Unfortunate events are driving the stock hype. Lockheed's largest segment is aeronautics, which is dominated by the massive F-35 program. It creates a great barrier to entry for any competitors. While I like the stock, I always keep an eye on its pension plan contribution which is counted in the billions.

POSITION 11TH TO 25TH

I do own a few stocks in this list too!

Amazon, Starbucks, Texas Instruments, Air Products & Chemicals along with Costco are part of one of my portfolios.

I also own Disney, but I feel it's about to change. While the latest quarter was quite strong, I'm starting to lose patience with the absence of dividends. They have until the end of the year to reinstate it.

You will note that Amazon and Alphabet don't pay dividends, but they are still amongst the most held stocks at DSR PRO!

COMPANY NAME	TICKER	YIELD	SECTOR
Pfizer	PFE	5.41%	Healthcare
Procter & Gamble	PG	2.49%	Consumer Staples
Amazon	AMZN	0.00%	Consumer Discretionary
Coca-Cola	KO	3.15%	Consumer Staples
Starbucks	SBUX	2.20%	Consumer Discretionary
Disney	DIS	0.00%	Communications
Texas Instruments	TXN	3.38%	Information Technology
Air Products & Chemicals	APD	2.55%	Materials
Realty Income	O	5.76%	REIT
Pepsi Co	PEP	2.92%	Consumer Staples
Costco	COST	0.69%	Consumer Staples
Verizon	VZ	7.12%	Communications
AT&T	T	6.86%	Communications
Alphabet	GOOGL / GOOG	0.00%	Communications
Unilever	UL	3.88%	Consumer Staples

FINAL THOUGHT

While it's always fun to feed your curiosity, never let these kinds of lists get in the way of your investment process. Getting ideas is fun, but it won't do much if you just pile up others' ideas in your portfolio without having your own conviction that they fit with your strategy. I hope you will find at least one or two good ideas in this newsletter!

Cheers,

Mike.

RATING CHANGES

This section communicates rating changes on the most popular stocks held at DSR. The changes mentioned below happened during this week upon our latest review.

COMPANY	SYMBOL	PREVIOUS RATINGS (PRO/DIV)	NEW RATINGS (PRO/DIV)	COMMENT
Crown Castle	CCI	4/4	3/3	Crown Castle reported a disappointing quarter as revenue declined by 5% and FFO per share went down by 17%. Even worse, the company didn't increase its distribution this quarter. Management confirmed its intention to grow its dividend beyond 2025 but will focus on major investments in 2024. In other words, it looks like you are stuck with the same dividend payment for a year or so. For that reason, we have downgraded CCI from a 4/4 to a 3/3.
Union Pacific	UNP	4/4	3/3	Union Pacific reported a weak quarter as the economy slows down (revenue -10%, EPS -21%). Revenue was down 10% driven by reduced fuel surcharge revenue, lower volumes, and business mix, partially offset by core pricing gains. The company feels the weight of rising inflation along with a slowdown in volume. The company mentioned it will maintain the dividend as is ($1.30). Therefore, we decreased our rating from a 4/4 to a 3/3.

DIVIDEND STOCKS ROCK

INVEST WITH CONVICTION, ENJOY YOUR RETIREMENT

OVERALL PORTFOLIO PERFORMANCE

Listed Returns are as of November 23rd 2023:

Portfolios	Inception Date	Return	Benchmark	Added Value	Annualized Return	1 Y	YTD
CAD 25K	10/31/13	193.73%	120.10%	73.63%	11.20%	9.70%	10.19%
USD 25K	10/31/13	161.87%	175.46%	-13.60%	9.95%	4.01%	3.48%
CAD 100K	10/31/13	126.92%	120.10%	6.82%	8.41%	8.93%	8.06%
USD 100K	10/31/13	206.44%	175.46%	30.98%	11.66%	13.90%	11.16%
USD 500K	05/31/14	105.36%	143.36%	-38.00%	7.88%	8.39%	4.63%
CAD 500K	05/31/14	117.12%	93.10%	24.02%	8.51%	6.63%	4.60%
100% CAD	07/31/17	74.68%	40.59%	34.08%	9.36%	8.23%	9.36%
Retirement CAD	07/31/18	24.13%	29.90%	-5.76%	4.15%	-5.97%	-3.05%
Retirement USD	07/31/18	52.13%	65.44%	-13.31%	8.21%	1.08%	-0.40%

*Canadian portfolios added value is calculated based on 50% of VIG and 50% of XDV as half of portfolios are US stocks. Currency hasn't been taken into consideration.

Benchmarks are VIG and XDV.TO for all portfolios.