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Kiplinger's
Investing for Income
Strategies to Boost Your Cash Yield

Accolades, Hosannas, Huzzahs and Ovations

At Kiplinger, we are forgiving when an otherwise triumphant stock, fund or sector goes into a tailspin. Investing hath no guarantees, and any company or money manager (or team) can have a slump. So we aren't embarrassed that every member of the Kiplinger 25 for Income got slammed in March's trading panic and liquidity crunch. The subsequent sharp recovery by the 25 (and others) brims now with righteous concern that the indexes and averages have already pilfered gains from the steady bounce-back we anticipated for late 2020 and into 2021. As the pandemic lingers and worsens, we thus predict heavy profit-taking (or loss-cutting) in the months ahead, as investors of all ages, sizes, sentiments and political persuasions hedge and exhale. Once again, if you have enough savings for life, or you do not expect to earn new money to replace your losses, we advise continued de-risking and a cautious approach to the reinvestment of interest and dividends.

But 2020 has been so freaky that we also offer this comfort: We presume any investment that escaped the collapse with only slight damage did so on merit. And, given all of the unforeseen and second-order business perils the crisis brought, these stalwarts are not always the outfits you might have expected (Boeing, Disney, Exxon and Wells Fargo, we're pointing at you). Good and bad performance and dividend stability or instability are widely dispersed within categories ranging from banking and real estate to tech, transportation and utilities. The flat yield curve even affects credit and financial companies differently. It helps beneficiaries of cheap short-term funding, such as credit card banks. But it harms others, such as business development companies and mortgage real estate investment trusts, as the spread (the profit margin) between their cost of funds and the yields they earn on their assets shrinks.

Let us now review what has stood up well to the year's challenges and offers opportunity.

That said, our purpose here is to spotlight—and praise—income ideas well-placed to hold value and maintain distributions if the economic outlook and market action regress from cautiously positive back to ugly. This is possible. There is no fundamental reason why a stock index such as the Nasdaq keeps hitting all-time highs. Too much exuberant money is chasing neon rainbows like Tesla and Zoom.

We could extend this discussion, but let us now review what has stood up well to the year's challenges and will likely offer opportunities and stability even in a longer or deeper disruption.

Full faith and credit. The sense that mortgage and rent delinquencies

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will soar encourages investment in government-guaranteed real estate loans—specifically, Ginnie Mae pools. In the GNMA world, if a borrower skips a payment, the Treasury ensures that investors collect "timely payment of principal and interest." And although the yields on new mortgages are low, seasoned fixed-rate mortgages, like long-term Treasury bonds, are gaining value. Representative GNMA funds from Fidelity, Pimco, T. Rowe Price, Vanguard and others are trimming their monthly payouts, but their NAVs are rising. Steady 3%-to-5% returns will continue. Other businesses tied to the Treasury, such as federal landlord **Easterly Government Properties (DEA, $22.70, yield 4.6%, year-to-date return through July 17 -2.4%)**, experienced comparatively mild price volatility during March's crash and yet are still reasonably valued.

The supply chain. Lockdowns and business failures stress—but cannot cripple—sales of food, medical supplies and other essential goods. There are winners and losers here. Clearly, grocery stores have recaptured business from restaurants, and they'll keep it. Warehouses that serve Amazon, Federal Express and other e-commerce kings are jammed. Domestic trucking is booming, with the Dow Jones index of trucking stocks up 19% for the year to date through July 17 and up 53% since its March low. Among REITs, supply-chain specialists such as **Prologis (PLD, $95.34, 2.4%, 7.9%)** and **Americold (COLD, $37.55, 2.2%, 9.4%)** are in the green for 2020. Both increased dividends in March.

BBB corporate bonds. This category is unusual in that it scuffled in pre-coronavirus 2020 but has closed a return gap compared with long-term Treasuries during the pandemic. Most big companies' balance sheets are still fine, and BBB bonds' yield advantage over T-bonds is just under two percentage points—enough for bond managers to say there are ample buys despite surging new volume. The **PIA BBB Bond Fund (PBBBX)** has returned 5.3% for the year—nearly 7% over the past three months—and yields 3.4%. Triple-B-rated bonds' three-, five- and 10-year return advantages over the aggregate bond index are in zero danger. And the supply of good bonds will tighten.

Necessities. No shock here, but the stubbornness of the pandemic is less of a threat to goods and services such as food, water, cleaning supplies and the internet—or the places everyone buys them. A few of these are high-dividend payers, including **American Water (AWK, $141.22, 1.6%, 17.5%)**, **Church & Dwight (CHD, $84.87, 1.1%, 21.2%)**, **Kroger (KR, $33.85, 2.1%, 18.1%)** and **Walmart (WMT, $131.74, 1.6%, 10.8%)**. There are plenty of others.

Heavy trading. Investors of all strains, from day-traders to massive banks, seem busier than usual. The operations of the financial markets have adapted well to so many people working at home. Stock and bond trading volume and traffic in exchange-traded funds are soaring, and that has driven (and will continue to favor) shares of **BlackRock (BLK, $587.72, 2.5%, 15.5%)**, **Goldman Sachs (GS, $211.41, 2.4%, -9.8%)** and many other financial technology companies.

This is not saying any or all the above are irresistible ideas, especially after rallying of late. Markets and economic results will be unsteady in the second half of the year, and prices will have some hiccups. But as the disparate effects of the health crisis and the public's changes in behavior become more entrenched, professional investors will keep sifting out the adapters and the beneficiaries. Something to think about as you evaluate which holdings to keep and which to pare.

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Risks Versus Values in Tax-Exempt Bonds

This odd year's predominant trading pattern: A security's price typically moseyed or rose gently through January and February, then peaked, retreated and plunged into a ravine in March. As April arrived, the stock, fund, index or whatever clambered out of the hole—hoisted by sellers' remorse, risk-seeking buyers and the trillion-dollar Federal Reserve rescue—and rapidly reclaimed half its loss. Then, starting in May, the excitement ended as bosses publicly, if reluctantly, nixed expectations for a fast return to previous growth and profits. The price retreated and resumed moseying, the disappointment palpable.

As a result, the price chart for many securities forms the shape of a square root symbol. It falls between the cockeyed optimists' V-shaped visions and the defeatists' L-shaped foreboding. And, unexpectedly, the square root shape appears in the prices for municipal bonds. Despite its usual calm and stability, the muni market is thick with issues whose values are banging around as rarely before. Muni trading volume is at its highest since 2008. Active bond-fund managers and traders obviously relish opportunities to buy and sell "mispriced" bonds. But to you and me, this volatility underscores the fragility of what seemed to be rock-solid investments pre-COVID, as well as the return of fear and caution as the U.S. fails to vanquish the coronavirus and state, local and other public-sector revenues suffer.

An illustration: The New York Metropolitan Transit Authority, a state agency that Moody's just downgraded to A2 and Standard & Poor's to BBB+, owns the New York City subways, suburban commuter railroads, and bus service. Let's randomly pick one of its bonds—CUSIP 59259YTT6, issued in 2012 with a 5% coupon and maturing in November 2024. Its initial offering price was 118. It opened this year at 112, but since the crisis began, the bond has changed hands at 97, rallied to more than 110, and now trades at 104, for a "yield to worst" of 3.2%. A Treasury note due the same month yields 0.23% to maturity. For a mere four-year term, that is a massive spread. A four-year triple-A-rated municipal is unlikely to offer more than 0.5% to maturity.

Trouble is, the MTA's revenue base—its ridership—has disappeared. Whether the authority can retain its investment-grade rating or avoid default is out of its control and instead in the hands of Congress and the vaccine scientists. Some watchers, like Matt Fabian of Municipal Market Analytics, are unconcerned. "The MTA, like New York water, is essential and too big to fail," Fabian says. Federal assistance is possible. And if New York resorts to creative budgeting, he says, "the market has become more tolerant of state budget gimmicks."

These comments suggest that you ought to snap up this and other A-list transportation bonds, like those from the Atlanta and Dallas–Fort Worth airports and our longtime favorites, toll roads. If you can be patient while waiting for the bonds to recover, we'd advise you act. The S&P index of toll-road bonds is having a rare bad year, with a year-to-date return of 2.6%, compared with 4% for local general obligations and 4.2% for water and sewer issues. We found a Central Texas Turnpike bond (88283KBJ6) with a 3% coupon due in 2040 whose price plotzed from 110 to 85 in March, sending the yield briefly above 4%. Now, it's back to 107 and a 2.3% yield, but that's still not bad. Toll-road bonds still retain their healthy three- and five-year total return edge over airport, hospital and general obligation bonds.

Our general feeling remains that tax-exempt bonds are essential to everyday life and commerce in the U.S. Unless you get greedy or confused and buy a bond backed by a vanity project, your odds of getting stiffed are minimal. Even bonds backed by stadiums and convention centers aren't cratering because most share state or local sales taxes. A few lacking stable permanent funding face downgrades, but "the devil is in the details," says David Dowden, of MacKay Municipal Managers, whose skill is to determine which debtors can last two or three years regardless of the overriding economic situation and which ones are already desperate. Dowden is wary of certain housing and health care projects for seniors and of private colleges with falling enrollments. But those make up a tiny slice of the $4 trillion municipal bond universe.

None of this gainsays our conviction that the best ways to invest in tax-frees are directly (with emphasis on critical sectors like water and sewer systems and, yes, toll roads) and with actively managed, research-intensive mutual funds—and never with exchange-traded funds or index funds. The coronavirus and pop-up recession have not spared all municipals. But there's still more-than-adequate security in this vast and successful category.

The Aristocrats Lose Some Luster

Here's a stunner: Despite puny and falling interest rates that promote the appeal of dividends, the 66 stocks known as Standard & Poor's Dividend Aristocrats show a collective total loss of 5.5% so far this year, including dividends. The Vanguard Dividend Growth fund is down 3%. By comparison, the full S&P 500 is up 2%, and corporate and municipal bond indexes are in positive territory. So are investment-grade preferred stocks. Because it is gospel that high and growing dividends retard volatility and provide up to 75% of stocks' long-term return, is this just another upside-down aspect of a strange year? Or is it a changing of attitudes? We remain committed to dividend-growth strategies and high-yielding stock sectors. We do not quit on a successful investment idea or strategy because of an occasional and inevitable downturn. But these numbers deserve explanation.

Aristocrats are S&P 500 members that have raised dividends 25 consecutive years. Entering this year, the largest cohort was (and still is) big traditional industrials, such as Caterpillar, Chevron, General Dynamics, 3M and PPG Industries. There are a bunch of banks and financial companies, several real estate investment trusts, and familiar consumer-products and retail names such as Procter & Gamble and Sherwin-Williams. The pandemic has been rough on several of these sectors; for example, regulators just banned U.S. banks from raising dividends until further notice. In May, we even saw the extremely rare case of an Aristocrat, Ross Stores, suspending dividends knowing that doing so would earn it swift excommunication, which S&P imposed starting July 1. Ross investors have lost more than 25% for the year to date, and that markdown counts in the Aristocrats' overall first-half performance.

At the same time, many pillars of 2020's resilient market, including Amazon, Netflix and some small pharmaceutical companies, either pay no dividend or disburse only a token amount. Among 2020's unconventional gainers, the farm and home retailer Tractor Supply has returned 55%. It is an eventual candidate for aristocracy, but it started dividends only in 2011.

Some entire sectors, such as airlines and hotels, have chopped or suspended dividends. Boeing and Wells Fargo are blue-chip dividend casualties. Big and small oil companies either have cut payouts or are denying or delaying the deed. In total, second-quarter 2020 dividend cuts came to $49 billion, compared with $6.7 billion of increases. Enormous numbers of healthy dividend-payers are doling out paltry one- or two-cent raises. That's either out of an abundance of caution or, as is always left unsaid, because the optics of generous dividend boosts amid mass layoffs and emergency government largesse are … well, choose your epithet.

And yet our interpretation is that this situation could be worse. If dividends are a keystone of your income plan, do not jump ship. Nothing remotely suggests dividends are doomed. Utilities, REITs and partnerships are legally or morally obligated to maintain and usually raise them (otherwise, few investors would stand by). Companies save as much or more cash by reducing stock repurchases—a dangerous tactic anyway during a rocky market. The relatively fine recent performance of preferred shares, REITs (outside of lodging and retail) and taxable municipal bonds shows the quest for yield is unabated. We also expect large firms, including the Aristocrats, to try to make their dividend investors whole (as they did after the previous recession) because these payouts go not only to executives and mutual funds but also to thousands of their own employees. To mangle a cliché, dividends are too vital to fail.

Timely Tactic of the Month

We give high marks to the fixed-income offerings from PGIM, whose strategists and managers are steadfast in their (and our) view that interest rates will stay even lower for even longer. PGIM has also been adept at turning this trend into good returns—even when the firm dips into lower-rated corporate debt—with its research prowess and commitment to active management. So it's no surprise that the **PGIM Floating Rate Income Fund (FRFZX, $8.88, yield 5.6%)** is on fire, with an 8% total return over the past three months. That's near the tip-top of the bank-loan fund category. This will not be an easy ride if the U.S. economy collapses again, but even if it does, we trust PGIM to stay out of trouble better than most anyone else.

Kiplinger's 25 for Income

Hey, a normal month! We have an even distribution among winners, losers and selections whose value barely budged. Utilities, which had been cheap, did well, as did junk and emerging-markets debt. American Water, which joined the 25 in April at $128, is now at $141, while American Electric and Xcel also had good gains. Municipal bonds shrugged off overblown solvency fears as NUV gained 4.6% and DMB rose 1.3%; we also had a nice run by the taxable bond funds, foreign and domestic. Only the energy sector suffered notable price declines, such as Valero's 13% slide, but it and Magellan Midstream and Suburban Propane are able to keep up their high dividends—no small feat at a time when oil and gas enterprises of all kinds are cutting their payouts. And although Annaly Capital trimmed its quarterly dividend last month from 25 cents to 22, its yield is so high that the shares seem to be anchored now between $6.50 and $7.50. It's not a raging buy, but it's not screaming at anyone to sell. No changes to the lineup this month.

Utility stocks		**Price**	**Yield**	**Frequency**
American Electric Power (AEP)	Traditional electric company serving 11 eastern and southern states	$87.51	3.2%	quarterly
AT&T (T)	Wireless-service giant that grew out of the former SBC	30.25	6.9	quarterly
American Water (AWK)	Largest investor-owned water utility, serving 16 states	141.22	1.6	quarterly
National Grid (NGG)	British national gas and electric utility that also operates in New York and New England	56.06	5.5	semiannually
Xcel Energy (XEL)	Central states electric system that emphasizes wind energy	66.39	2.6	quarterly
High-yielding open-end bond funds				
Dodge & Cox Global Bond (DODLX)	A mix of domestic and foreign corporate bonds, mostly denominated in U.S. dollars	$11.60	3.3%	quarterly
DoubleLine Total Return (DLTNX)	Income fund that makes the most of mortgage securities	10.75	3.3	monthly
Fidelity Capital & Income (FAGIX)	Creative and aggressive junk bond fund	9.65	3.7	monthly
Fidelity New Markets Income (FNMIX)	Impressive emerging-markets bond fund	14.32	4.3	monthly
Hotchkis & Wiley High Yield (HWHAX)	Boutique high-yield fund that concentrates on small companies	10.32	5.4	monthly
Loomis Sayles Bond (LSBRX)	Go-anywhere investment-grade bond fund	12.99	2.4	monthly
Closed-end mutual funds and ETFs				
AllianceBernstein Global High Income (AWF)	High-yield corporate bonds and government bonds from emerging markets	$10.33	7.6%	monthly
BNY Mellon Municipal Bond Infrastructure (DMB)	*A leveraged closed-end fund that likes transportation and hospital bonds*	*13.38*	*4.8*	*monthly*
Eaton Vance Floating-Rate Income Trust (EFT)	One of the oldest floating-rate loan funds, with a team of five veteran managers	11.51	5.9	monthly
iShares U.S. Preferred ETF (PFF)	This exchange-traded index fund spreads your money in more than 301 preferred stocks	35.32	5.7	monthly
Nuveen Municipal Value (NUV)	*This non-leveraged closed-end is an alternative to the Dreyfus Infrastructure fund*	*10.46*	*3.6*	*monthly*
Pimco Corporate & Income Strategy (PCN)	An unusual mixture of high-yield corporate, muni and foreign bonds	15.42	8.8	monthly
Real estate investment trusts				
Annaly Capital Management (NLY)	Borrows cheaply to reinvest in government-guaranteed mortgage securities	$7.02	12.5%	quarterly
Digital Realty Trust (DLR)	Developer and operator of data centers in the U.S., Canada, Europe and Asia	143.75	3.1	quarterly
Realty Income (O)	Landlord to chain stores and restaurants, also known for 599 straight monthly dividends	58.59	4.8	monthly
Welltower (WELL)	Develops and owns assisted-living facilities, hospitals and medical labs	50.99	4.8	quarterly
Energy investments and partnerships				
Brookfield Infrastructure Partners (BIP)*	Owns toll highways, ports and transmission lines	$43.45	4.5%	quarterly
Magellan Midstream Partners (MMP)*	One of the largest pipeline carriers of gasoline, diesel and chemicals	42.53	9.7	quarterly
Suburban Propane Partners (SPH)*	Propane distributor normally yields substantially more than junk bonds	14.32	16.8	quarterly
Valero Energy (VLO)	World's largest independent refiner, known for large dividend increases	55.47	7.1	quarterly

Funds in italics pay tax-exempt income. Investments with an asterisk (*) are partnerships. Prices and yields as of July 17, 2020. SOURCES: Fund companies, Morningstar Inc., Yahoo.

Ask Jeff

Readers are invited to send questions about income investments to jkosnett@kiplinger.com. I'll answer you personally if there's no space here for a published reply.

Dear Jeff:
You are down on foreign bonds, but wouldn't the Vanguard Total International Bond Fund (VTIBX) be an exception? Since April, its return is several percentage points ahead of Vanguard's domestic total bond fund.
Brian

Dear Brian:
I'm not obstinate, and over the years we've occasionally praised select international bonds and funds (see this month's Flashback). But foreign-government bonds and diversified bond funds, other than emerging-markets funds, mainly yield less—and with a longer duration and lower ratings quality—than a representative U.S. repository such as Baird Aggregate Bond or Vanguard's Total Bond Index. VTIBX and another possibility, IGOV, the iShares International Treasury Bond ETF, have in fact rallied and gained net asset value since April because the euro and Australian and New Zealand dollars are strengthening somewhat against U.S. currency. But IGOV pays dividends only in December—a drawback if you're on an income timetable—and VTIBX pays almost nothing each month until a balloon payment at the end of the year.

Dear Jeff:
As a fan of utilities, I expect them to be good income stocks but also conservative, low-risk holdings. I am dismayed that utilities have been as volatile, or more so, than the overall market lately. Why? And is that a longer-term concern?
Larry

Dear Larry:
Three reasons, but none are long-term negatives. First, utilities are growing as a portion of the S&P 500 index. So when stocks crash and get dumped indiscriminately, utilities go into the trash along with everything else. Second, utility returns have been so hot for so long, including a 25% gain in 2019, that they borrowed from this year's conceivable performance had there not been an economic crisis. And that brings up the third peril: Electricity use is slumping in 2020, and a robust recovery is unlikely. That hits earnings and dividend growth, which are also restrained because states do not grant high rate increases during a recession. Plus, low interest rates are not the security blanket that traditionalists might still figure. Utilities have evolved into growth companies that manufacture a product whose profitability and volume fluctuates. They are not bonds in disguise.

Dear Jeff:
Months ago, I bought a 3.9% UPS bond, due in 2025, at slightly below par, and it is now quoted at 112. Should I keep it five years to maturity or take the profit? How do I know which is better?
Norman

Dear Norman:
If you can find the October 2019 letter, on page 3 we walk you through this exercise. We determined that it is almost always wiser to hold—especially if you own the bond in a taxable account, selling would generate a short-term capital gain, and you'd have to share the profit generously with the IRS.

Dear Jeff:
Could the United States have negative interest rates soon? Some politicians say they support this to stoke economic growth. If so, where would you best invest your money?
Charles

Dear Charles:
No. The Federal Reserve is too smart to lock America into this monetary dungeon—which, as the Europeans know, is backbreaking to escape. The Treasury would find it harder, if not impossible, to sell enough negative-yielding bills to foreign banks and investors. U.S. banks and insurance companies' profits would shrivel or disappear. Adopting negative rates also telegraphs big trouble to come. The financial world would decide that America's economy is in awful shape and so would favor non-dollar cash instruments (or even gold, painful as it is to think so) over U.S. stocks and corporate debt and state and local bonds. Anyone who thinks this can boost economic growth is badly misinformed.

What's New in Cash

The falling cost of active fund management. Yes, index funds and ETFs charge minimal fees, but according to the Investment Company Institute, actively managed mutual funds (our strong preference for bonds and utilities) have gradually reduced their expense charges. The weighted average expense ratio of actively managed bond funds is down to 0.56%, while it's 0.14% for index ETFs. This gives extra weight to giant bond managers with low costs, such as Vanguard, but it indicates that, on average, the men and women who manage and trade bond portfolios need to earn you less than half a percentage point more to justify the added expense. In our judgment, this is a bargain.

TIPS mount a stealth rally. The price of Treasury inflation-protected securities has risen of late and for the year-to-date has caught up to the 7.5% return of broad-based bond funds like Baird Aggregate and Vanguard Intermediate-Term Corporate. At Loomis Sayles, the TIPS fund is embarrassing Loomis Sayles Bond for the year to date—up 9%, compared with a 4% loss for Dan Fuss's go-anywhere flagship. We don't counsel income investors to accumulate TIPS, because distributions are largely deferred and the current income is minimal. But this trend bears following because short-term debt and cash reserves earn so little that the cost of keeping idle cash in a TIPS fund as insurance against an improbable burst of inflation is trivial. The TIPS rally might also be a result of contrarian bottom-fishing by investors daring to challenge the consensus that inflation is moribund.

Flashback

In 2020, we've taken a negative view of foreign bonds, whether from rich countries like Japan and Germany or from middle-income and poor "emerging" markets that have unsteady currencies and economies. "Just say no" to world bonds, our editor Jeff Kosnett wrote in a recent column in *Kiplinger's Personal Finance* magazine.

Several readers shot back that Kiplinger's ought not to be so absolute or doctrinaire. With U.S. interest rates practically invisible and Treasury and domestic private debt soaring, some say we should reconsider. Emerging-markets bond funds have duly erupted, delivering double-digit returns over the past three months, a bonanza we missed by kilometers. Our thinking is that U.S. yields exceed Europe's and Japan's, and the dollar is strong (though it has eased slightly of late, as Asia and Europe handle the coronavirus more competently than the U.S.). Plus, in any worldwide crisis, regardless of origin or nature, the world shows over and over that it prefers to keep its savings and reserves in U.S. institutions and in dollars, and it gets nervous about the likes of, say, Brazil, India and Russia.

But did we also get too overconfident? Are we still? The last time we wrote encouraging words about international bonds was in April 2019's letter, when we suggested you should abide the risk with a small position in emerging-markets debt funds. We endorsed three funds: Fidelity New Markets Income (FNMIX), one of the Kiplinger 25 for Income; Aberdeen Emerging Markets Debt (AKFAX); and TCW Emerging Markets Income (TGINX).

Since March 15, 2019, how have those three done? It's all a matter of timing. Starting on the ides of March last year, all was smooth for the rest of 2019. From that start into December, the Aberdeen and TCW funds nearly doubled the return of Vanguard's GNMA fund and handily outpaced funds like Baird Core Plus. But all three international entries got body-slammed in February and March, with TGINX losing a staggering 25% just between February 15 and March 20. The others shed about 20%. The trio are enjoying the aforementioned current rally, but over these eventful 16 months, the final score says we got it right because we were dead-on perfect with our thumbs-down to emerging-markets bonds comment in the January 2020 letter. We obviously did not foresee a global pandemic. But any bond fund that drops 20% or 25% over a few weeks and then stages a furious dead-cat bounce loses all claim to be a core income holding. It's a trading gadget or a speculation. We are not red-faced about missing this sector's spring and summer fireworks after all.

Model Portfolio: Dividend-a-Month

We began our previous review of this portfolio by observing that dividends "aren't all-powerful enough to repel once-in-a-lifetime selling mayhem." Maybe, maybe not. Hundreds of fine dividend stocks, including many on this calendar, have since partly recovered from March's market collapse. But we're happy, if not downright relieved, to report that none of our 12 cut or suspended dividends, and only Realty Income—whose fortunes are directly tied to restaurants, theaters and other pandemic prey—still trades meaningfully below its March 13 closing price. But even Realty Income is alive and well: The famous retail REIT's July 17 close of $59 is down from its $72 price on March 13 but above the $40 trough it found itself in 10 days later. That's how crazy it got: The shares of a bluer-than-blue-chip real estate trust—an S&P Dividend Aristocrat, an investment that even after this crash has a 10% annualized return for the past 10 years—dropped 44% in a week and a half and then rallied 48%. Dividend-a-Month is a buy-and-hold strategy, and 2020's weirdness does not change that.

Overall, the 12 show an average (equal-weighted) return for this period of 8.5%, paced by a 42% jump by McCormick and a 25% gain by Valero (which, alas, is worth half its bloated value of last October). Compared with a rocket ship like the Nasdaq, which has bounced up 34% since March 13, this is a pedestrian performance. But our calendar features a purposely diversified group of large industrial and consumer companies. Johnson & Johnson and General Dynamics even put in increases, beginning with the payments in May and August. (General Dynamics has adjusted the timing of its payouts, so we are switching it to the August slot and moving Realty Income, which pays every month rather than quarterly, into General Dynamics' previous November position.)

Readers may wonder why this model portfolio doesn't include such obvious dividend providers as AT&T or Verizon, or seriously high yielders like Chevron or Altria. We reckon that many of you already (or also) invest in the twin mobile-phone powers, and we'd rather invest in refining and handling petroleum products (Valero) than in producing this glutted crude substance. As for Altria, there's more risk in tobacco stocks with each passing year. Even though the stock yields more than 8%, its total return for the past three years is in the red. And while it didn't lose as much in the March crash as most widely owned stocks, it also hasn't recovered much. But, again, the point is to arrange for a constant and predictable stream of income, and if you prefer some of your longtime holdings to a few of these, plug them into the appropriate slots. You might outgain this low-risk collection.

January	February	March	April
Illinois Tool Works ITW, $182, yield 2.4% 5-yr dividend growth rate of 18.5%	**Valero Energy** VLO, $55, yield 7.1% 5-yr dividend growth rate of 27.9%	**Intel** INTC, $60, yield 2.2% 5-yr dividend growth rate of 7.0%	**McCormick** MKC, $191, yield 1.3% 5-yr dividend growth rate of 9.0%
May	**June**	**July**	**August**
CVS Health CVS, $65, yield: 3.1% 5-yr dividend growth rate: 12.7%	**WisdomTree MidCap** DON, $29, yield 3.6% 5-yr dividend growth rate N/A	**JPMorgan Chase** JPM, $98, yield 3.7% 5-yr dividend growth rate of 16.2%	**General Dynamics** GD, $149, yield 3.0% 5-yr dividend growth rate of 10.5%
September	**October**	**November**	**December**
Johnson & Johnson JNJ, $149, yield 2.7% 5-yr dividend growth rate of 6.3%	**Automatic Data Processing** ADP, $148, yield 2.5% 5-yr dividend growth rate of 10.1%	**Realty Income** O, $59, yield 4.7% 5-yr dividend growth rate of 4.3%	**American Electric Power** AEP, $88, yield 3.2% 5-yr dividend growth rate of 5.9%