CAIM Catherine Avery Investment Management

The Intelligent Investor

Dividend Champs 2016

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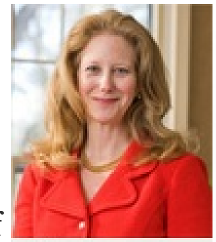
Greetings!


Catherine Maniscalco Avery

One of my favorite Wall Street economists, Larry Kudlow, often says that profits are the mother's milk of stocks. In other words, if you want stocks to go up, you need to have earnings rise.

As of now the market is close to holding the 18,000 high we saw in 2015. However, corporate profits are only expected to increase 1.57% and many sectors are experiencing declining earnings.

In this type of environment it is even more important to focus on companies with strong balance sheets, strong cash flow and an ability to increase the dividend. Today we highlight 3 of our holdings that have already increased their dividend in 2016 greater than 20%.

Most importantly I would like to wish everyone a very Happy Father's Day!

Warm regards,

Catherine

Catherine Maniscalco Avery

The backbone of CAIM is to employ a classic long term investment strategy including dividend paying stocks. CAIM is an independent, women owned investment management firm specializing in managing investment portfolios for women and baby boomers.

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Dividend Champs 2016

This year the Dividend Champs we've chosen to highlight are companies that:

1. Boast dividend yields above the current 10 year treasury yield of 1.65% .
2. Have a history of strong dividend growth.
3. Possess the ability to increase their stock price over time.

Amgen, Inc. (AMGN, $156.78, 2.55% dividend yield). This company **increased their quarterly dividend by 26.5% in February.** The company has an impressive cash flow of $11.88 per share and free cash flow per share of $11.07 per share. Over the past 3 years the company has increased their dividend 115%. We expect AMGN to continue to be generous in giving back to shareholders. Their new drug pipeline is expected to expand with the acquisition of Decode and profit margins are improving in the bio-similar market where they plan to launch 5 products by 2019.

CVS Health (CVS, $96.42, 1.76% dividend yield). CVS may not be one of our highest yielding companies, but we are very impressed with their **recent dividend increase of 24% and their 5 year total increase of 264%.** In addition to these strong dividend increases, CVS is also doing a great job of increasing their earnings. 13% earnings growth will be supported by an aging population and an expansion of medical care coverage to those who are uninsured.

Cincinnati Financial Corp. (CINF, $70.53, 2.72% dividend yield). CINF is in the business of property casualty insurance sold through independent insurance agencies. It's one of those quiet (and quite frankly, boring!) companies that moves at a slow and steady pace but has greatly rewarded its' patient shareholders. This year the company has had an **annualized dividend increase of 30%** due to an extra dividend payment and an annualized 5-year increase of 45.5%. In addition, CINF has had a **5-year total return (stock price increase plus dividends) of 43.18% versus 39.96% for the S&P 500.**

Do the Right Thing AND Make Money

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