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DividendMachines

Dividend Machines 8-Step

Step #1: Does the company pay dividends?

○ Yes ○ No (avoid)

Step #2: Does the company have stable/rising dividend per share the past five to ten years?

○ Yes ○ No (Avoid)

Step #3: Is the company's dividend payout ratio sustainable (<100%) for the past five to ten years?

○ Yes ○ No (Avoid)

Step #4: Is debt servicing ratio 30% or less?

○ Yes ○ No (Avoid)

Step #5: Company has successfully paid out total amount of capital raised the past five years?

○ Yes ○ No (Avoid)

Step #6: Is the company's market capitalization above $500 million dollars?

○ Yes ○ No (Exception applies if it passes Step #7)

Step #7: Choose the most resilient business models:

Is the company's revenue highly recurring and/or operates in a resilient industry? ○ Yes ○ No (Avoid)

Does the company still have room to grow its sales and profit over next ten years? ○ Yes ○ No (No Growth)

Does the company have a wide economic moat to protect its long-term revenue and profits? ○ Yes ○ No (Avoid)

Identify the moats and note them down below:

- ☐ *High switching costs*
- ☐ *Wide distribution network*
- ☐ *Brand equity*
- ☐ *Other* ____________
- ☐ *Economies of scale*
- ☐ *Government regulation & policy*
- ☐ *Patents*

Step #8: Current dividend yield meets your expected return or at five-year historical high?

○ Yes (Buy) ○ No (Wait)

This checklist is not applicable for analysing Bank, Insurance and Real Estate Investment Trust.