Empirical Research Partners

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Global Portfolio Strategy November 2017

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Dividend Strategies: Look for Improvements in the Stability of Fundamentals

A Tough Stretch

- In this research we looked into a strategy of picking amongst the highest dividend-yielding stocks throughout the developed world, that includes the U.S. In the 1990s and 2000s betting on them worked out, and they led by +5.5 and +7 percentage points per year in each of those decades. But in the 2010s life hasn't been that easy and that strategy has lagged by about (1.2) percentage points on an annualized basis, leading only in 2016 when negative rates came into the fore in Europe and Japan. We studied the results that came from picking among high dividend-yielding stocks in the post-Crisis years, seeking to understand whether changes in the makeup and character of that group had undermined alpha generation.
- We used our fundamental stability score, that weighs a company's level and variability of ROE, volatility of earnings growth, earnings estimate dispersion, financial leverage and beta, to see if there had been a notable personality change among the global dividend elite. We found that over the last decade their stability advantage had waned and that they're now more volatile than the average stock. Part of what's happened has to do with headwinds in the utility, telecom, energy and financial sectors, that account for the bulk of those issues. In the case of the global utilities their relative stability is now the lowest in 25 years.

Post-Crisis: A Different Dynamic at Play

- The cohort of the highest dividend yielders has always comprised a mixed bag of stable and volatile companies, and in the 1990s and 2000s most of their alpha came from playing in both tails, to the tune of more than +7 percentage points per year. Thereafter, as fearful investors have sought out safety, the companies in the volatile tail have lagged their opposite numbers by about (5) percentage points per annum.
- While in prior decades the cash flow supporting the dividends proved decisive to performance, that's not been the case in the 2010s. In the 1990s and 2000s stocks priced at the highest free cash flow yields led by +9 percentage points per year, while in the 2010s they've lagged, by about (1.5) points per annum.

Looking for Improvements in Fundamental Stability

- In the 2010s the relative returns of the stable dividend-yielders have been 60% correlated with the performance of the U.S. Ten-Year Treasury Bond, about twice the average level of the past 30 years. Today the dividend yield the stable group offers is (120) basis points below that of their volatile counterparts, while their free cash flow yield premium has dwindled to zero. Both are bottom-decile outcomes.
- With many of the highest dividend yielders being more volatile companies we think it's worthwhile to look for situations where fundamentals are becoming more stable by tracking *changes* in their stability scores. Since 1990 the highest dividend-yielding stocks with the biggest improvements in stability have led by +5 percentage points per year, about +1.2 percentage points more than those based on dividend yield alone. Since interest rates bottomed in the middle of last year those issues have outperformed, even as the average high dividend yielding stock has lagged.
- Appendix 1 on page 9 lists the developed world large-cap issues priced to the highest dividend yields with the fastest rates of improving stability, of which two-thirds are drawn from Continental Europe and the U.K. Financials screen prominently.

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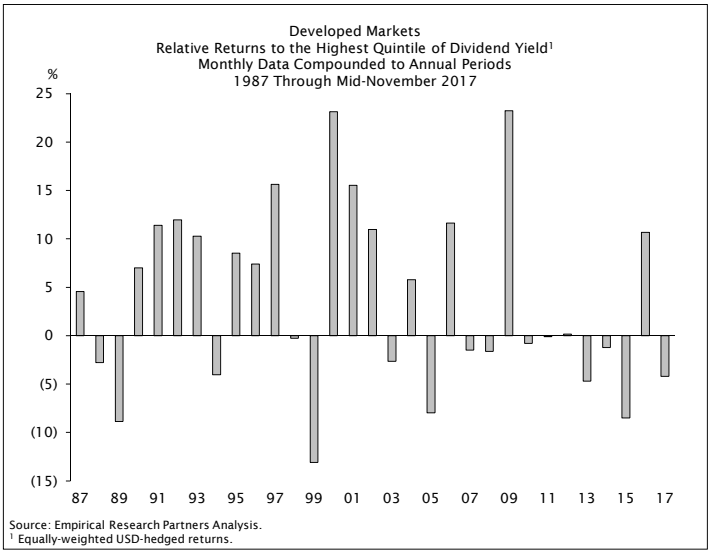
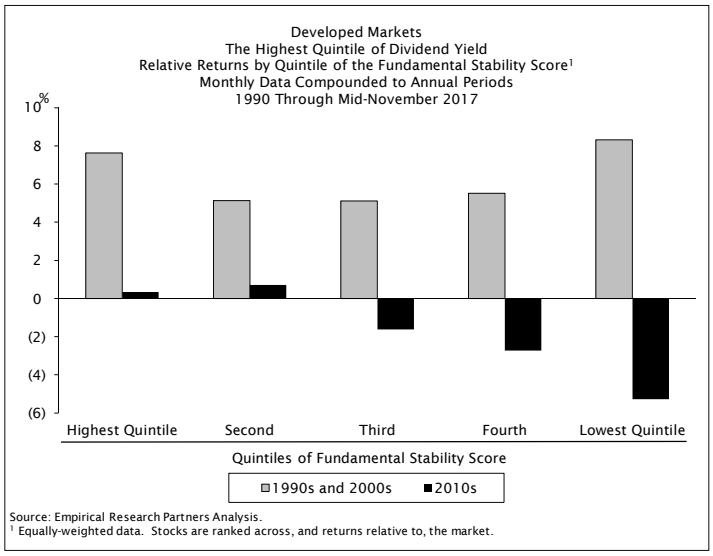
Conclusions in Brief

- The 2010s have proved challenging for a global strategy that picks from among high dividend-yielding stocks…



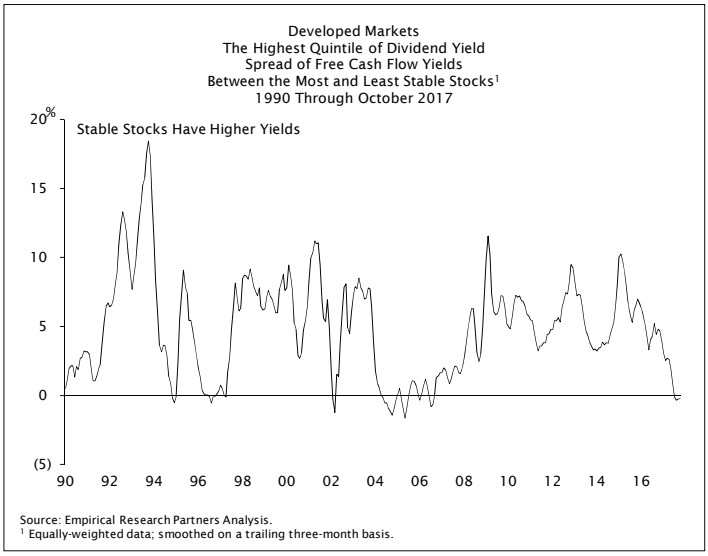
Source: Empirical Research Partners Analysis.
[1] Equally-weighted USD-hedged returns.

- In the post-Crisis era investors have shunned high yielders with volatile fundamentals…



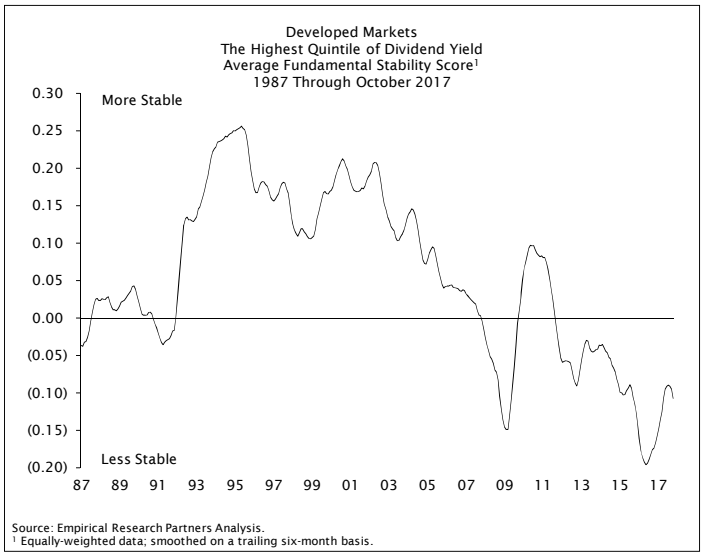
Source: Empirical Research Partners Analysis.
[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

- We're not getting paid to embrace high-*levels* of fundamental stability…



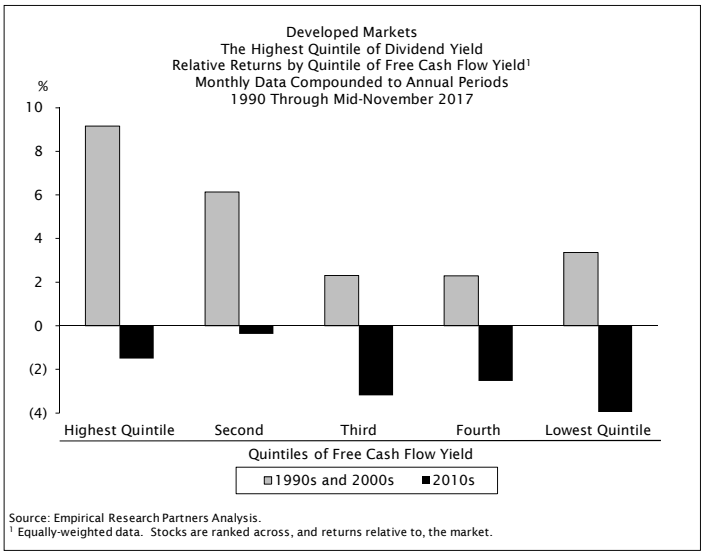
Source: Empirical Research Partners Analysis.
[1] Equally-weighted data; smoothed on a trailing three-month basis.

- …And as the mix has changed their stability advantage has waned over the years:



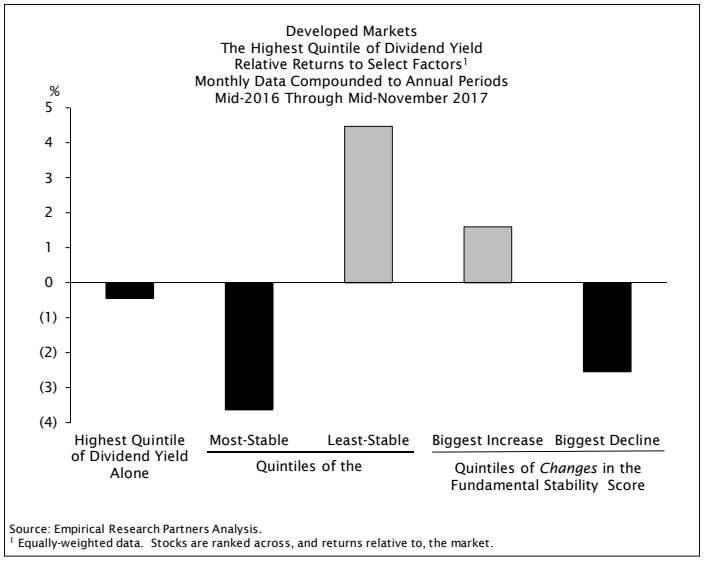
Source: Empirical Research Partners Analysis.
[1] Equally-weighted data; smoothed on a trailing six-month basis.

- …And surprisingly the cash flow supporting the dividend hasn't been decisive to performance:



Source: Empirical Research Partners Analysis.
[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

- …But there's opportunity among high-yielders with improving stability in their fundamentals:



Source: Empirical Research Partners Analysis.
[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

Dividend Strategies: Look for Improvement in the Stability of Fundamentals

A Tough Stretch

In this research we looked into a strategy of buying the highest dividend-yielding stocks in the developed world that includes the U.S. About 50% of that constituency has traditionally been drawn from pan-Europe and about third from the U.S. In the 1990s and 2000s stocks drawn from around the developed world that offered the highest dividend yields had good runs, leading the market by +5.5 and +7 percentage points per annum, respectively, and trailing it in only seven of the 20 years (see Exhibit 1).

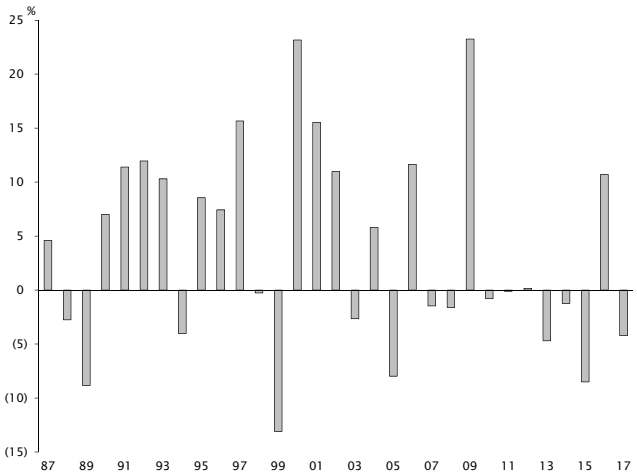
The decade that has followed has proved a lot more challenging for the high yielders and they've underperformed by (1.2) percentage points per year, besting the market only in 2016 after interest rates in Japan and Europe moved into negative territory. Exhibit 2 presents the results in the U.S., Continental Europe and Japan across the three decades. On the other hand developed world stocks priced at the highest free cash flow yields have led by almost +3 points per annum in the 2010s. That's about par for the course and over the last 30 years they've bested the high dividend yielders by about +2 points per annum.

We examined the behavior assessed the behavior of the high dividend yielders during the post-Crisis years, seeking to understand whether changes in their fundamentals have undermined the positive dynamic seen in previous decades. We looked at where the stocks stand today and suggest some attributes that we believe will help us choose winners from that part of the developed world market.

Sector Headwinds

During most of the 1990s and 2000s developed world stocks priced to the highest dividend yields offered an enticing combination of income and enough fundamental stability to allow investors to believe it would persist. Exhibit 3 depicts the average fundamental stability score of that group that weighs the level and variability of ROEs, the volatility of earnings growth, the dispersion of analyst earnings estimates, financial leverage and beta. The way to read the chart is that when the line is above zero that means that the fundamentals of the highest dividend-yielding group are more stable than those of the average stock. That was often the case until right before the onset of the Financial Crisis.

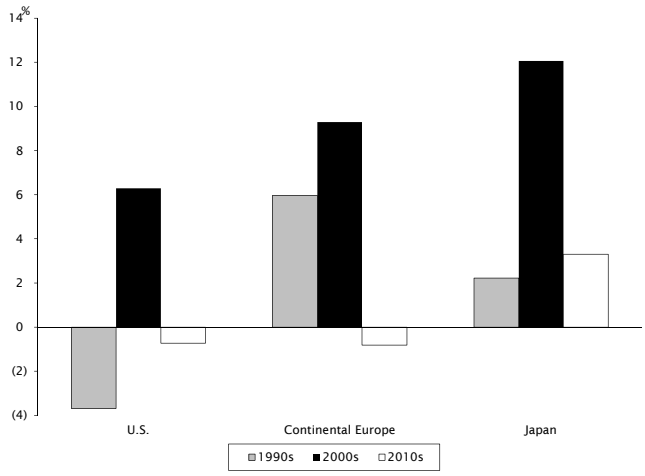
Exhibit 1: Developed Markets
Relative Returns to the Highest Quintile of Dividend Yield[1]
Monthly Data Compounded to Annual Periods
1987 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted USD-hedged returns.

Exhibit 2: Developed Markets: Select Regions
Relative Returns to the Highest Quintile of Dividend Yield[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Non-U.S. returns are equally-weighted and USD-hedged. Stocks are ranked across, and returns are relative to, each region.

What stands out is that for about a decade now, the stability advantage offered by the highest dividend-yielding stocks has been waning, and in fact, during most of this decade their fundamentals have been less stable than those of the average stock. Today's scores are amongst the lowest witnessed in 30 years. Part of the story can be ex-

plained by developments in the sectors that have long accounted for the bulk of the high dividend-yielding group: the utilities, telecommunications, energy and financials.

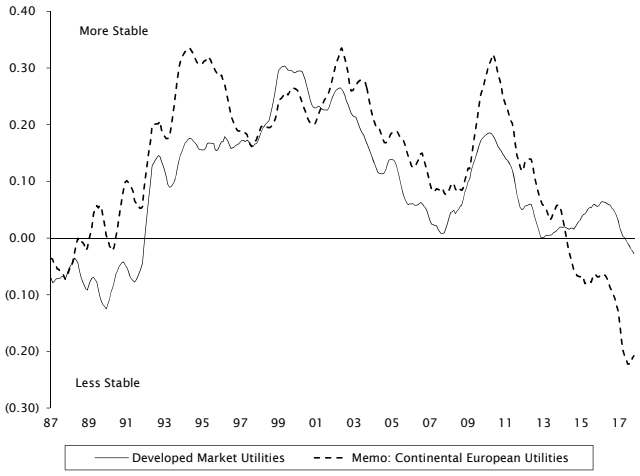
During the better part of the last 30 years the utilities enjoyed the status of bulwarks, but in the post-Crisis period their stability advantage has eroded as in Europe the sector was disrupted by the rise of renewables (see Exhibit 4). In the years following the bust of the New Economy Era the fundamentals of the telecom issues improved, but in the post-Crisis era they've reverted to their natural habitat (see Exhibit 5). During the Bretton Woods II era that began in 2001 energy companies have become less stable, as they embarked on a capex-driven binge that led to capital destruction when the productivity in the shale patch boomed.

Exhibit 3: Developed Markets
The Highest Quintile of Dividend Yield
Average Fundamental Stability Score[1]
1987 Through October 2017

Source: Empirical Research Partners Analysis.

[1] Equally-weighted data; smoothed on a trailing six-month basis.

Exhibit 4: Developed Markets: Utilities Stocks
Average Fundamental Stability Score[1]
1987 Through October 2017



Source: Empirical Research Partners Analysis.

[1] Smoothed on a trailing six-month basis.

Bucking the trend somewhat have been the financials, that have become more stable as credit quality and capital ratios have improved following the Crisis (see Exhibit 6).

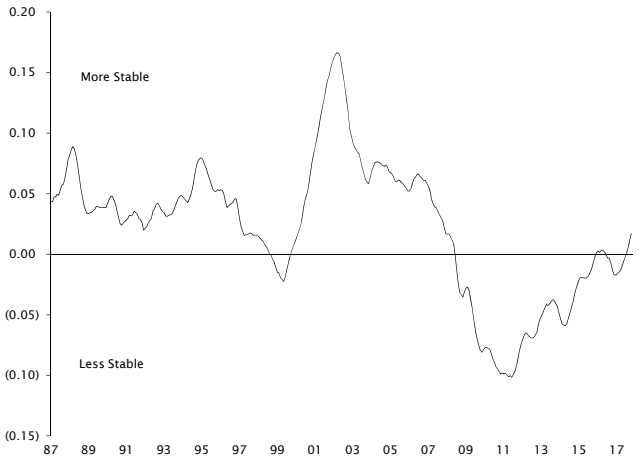
For the most part these headwinds have been hard to miss and the four aforementioned sectors have been among the worst-five-performing ones in the 2010s.

Exhibit 5: Developed Markets: Telecom and Energy Stocks
Average Fundamental Stability Score[1]
1987 Through October 2017

Source: Empirical Research Partners Analysis.

[1] Smoothed on a trailing six-month basis.

Exhibit 6: Developed Markets: Financial Stocks
Average Fundamental Stability Score[1]
1987 Through October 2017



Source: Empirical Research Partners Analysis.

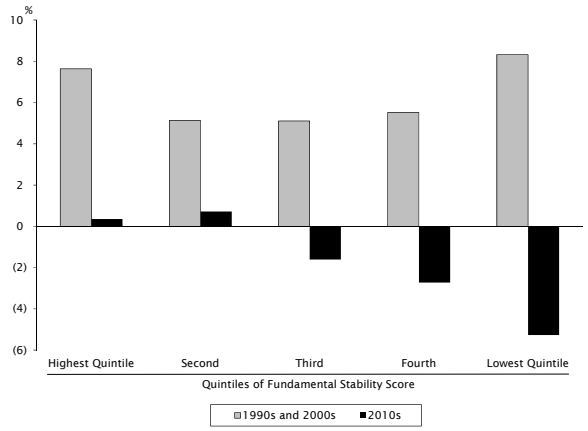
[1] Smoothed on a trailing six-month basis.

A Different Dynamic at Play

Stocks priced at the highest dividend yields comprise a mixed bag of fundamentally-stable and volatile companies. In the 1990s and 2000s most of the alpha that accrued to them came from playing in both tails, with top and bottom-quintiles both leading the market by more than +7 percentage points per year (see Exhibit 7). In those decades, betting on the opportunity ended up being just as good as betting on the sure(r) thing. The Financial Crisis was an event of colossal magnitude, striking fear in the heart of many investors. In the years that followed they worried that another event loomed just around the corner and they flocked to stocks offering the most-stable fundamentals. That group generated de minimis alpha but did outperform their opposite numbers by +5 percentage points per year, as captured by the black bars on the far-left and far-right of the chart.

We also looked at whether *changes* in the stability of fundamentals could be exploited. We found that stocks with the biggest improvements in the year-over-year change of our fundamental stability score led by close to +9 percentage points per annum, a slightly better result than betting on the *level* of stability (see Exhibit 8). As the stability of the highest yielders has deteriorated in the 2010s those issues seeing the biggest year-over-year declines in their scores have lagged by about (2.5) percentage points per year.

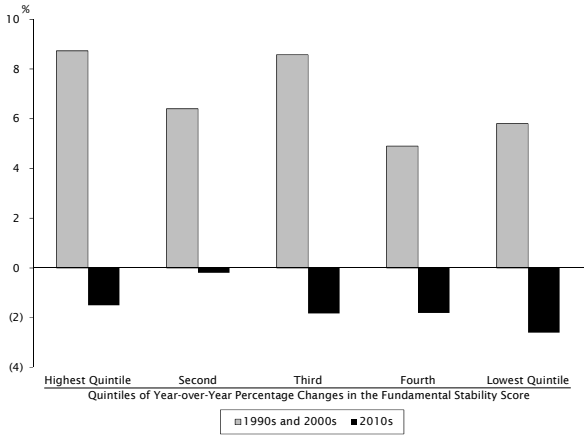
Exhibit 7: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns by Quintile of the Fundamental Stability Score[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

Exhibit 8: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns by Quintile of the
Year-over-Year Percentage Changes
in the Fundamental Stability Score[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

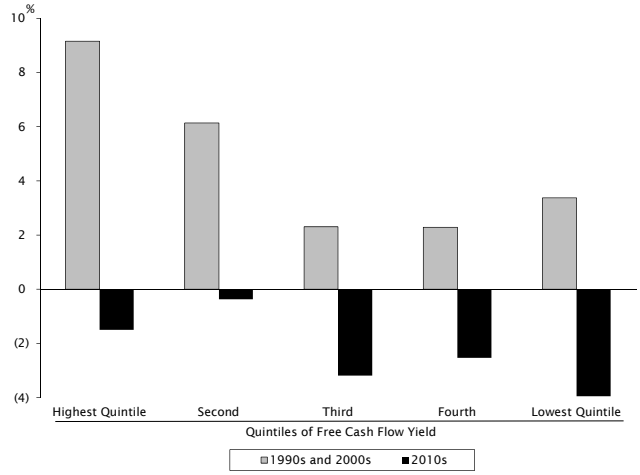
[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

Historically the cash flow that supported the dividend payment was a critical element in the return equation. The high yielders with the best free cash flow yields have led by almost +9 percentage points per year, about +6 percentage points better than those at the opposite end of the spectrum (see Exhibit 9). In the decade that's followed the Crisis the optionality conveyed by a high free cash flow yield hasn't been big enough to clear the hurdle, and stocks of that ilk have lagged by about (1.5) percentage points per year. That said, a dearth of free cash flow proved even worse and those issues have trailed by (4) percentage points per annum.

We repeated the analysis using other cash-related measures such as cash-to-total assets, cash-to-capitalization and free cash flow margins, and found similar results (see Exhibit 10). What's been noteworthy is that in the 1990s and 2000s the highest dividend-yielding stocks generated free cash flow margins that were +2.5 and +1.4 percentage points over those of the market, while in the 2010s that premium disappeared (see Exhibit 11). That's helped explain the disappearance of the free cash flow yield premium of the highest dividend-yielding stocks that had averaged about +2.2 percentage points in the prior two decades (see Exhibit 12).

Amongst the highest dividend-yielding issues paying attention to the price of entry proved helpful in prior decades and Exhibit 13 shows the results for those based on earnings multiples, while an assessment based on book multiples would produce a similar result. As evident by the black bars in the exhibit, in the post-Crisis years it's been best to avoid those high dividend-yielding issues with the highest price tags, and those stocks have lagged by about twice as much as their opposite numbers.

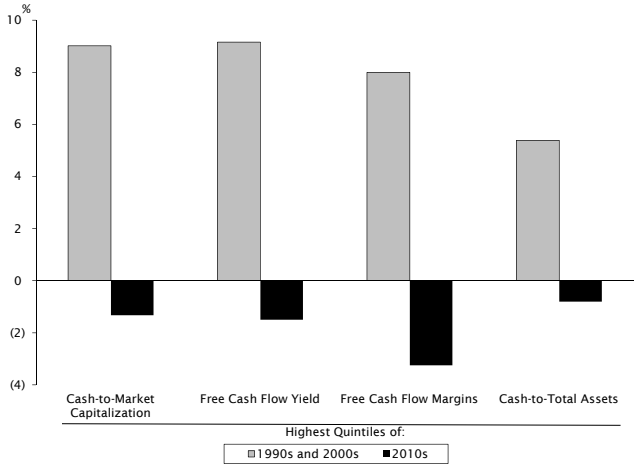
Exhibit 9: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns by Quintile of Free Cash Flow Yield[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

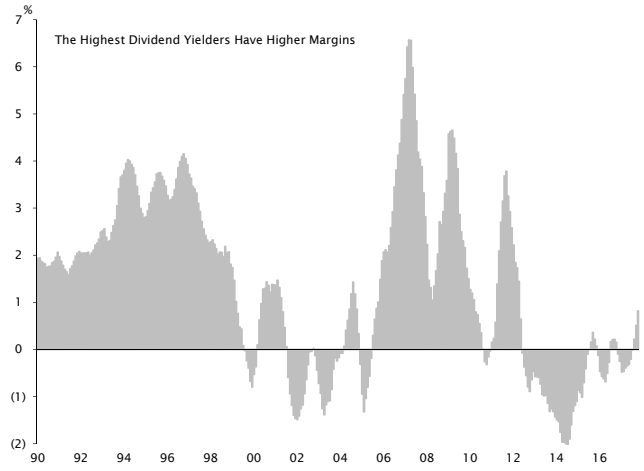
Exhibit 10: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns to the Highest Quintiles of Cash-Related Factors[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

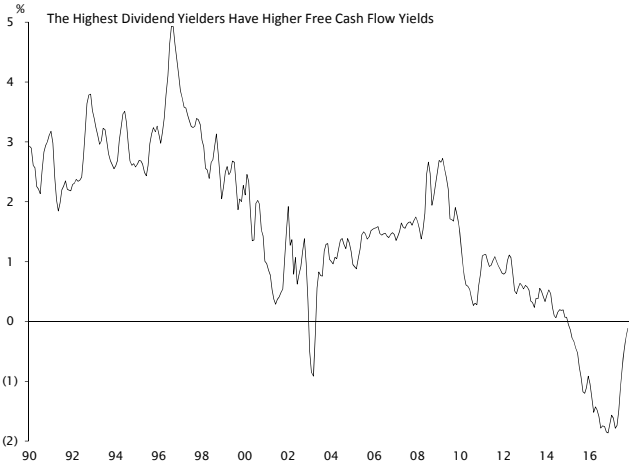
Exhibit 11: Developed Markets
The Highest Quintile of Dividend Yield
Relative Free Cash Flow Margins[1]
1990 Through October 2017



Source: Empirical Research Partners Analysis.

[1] Data smoothed on a trailing six-month basis.

Exhibit 12: Developed Markets
The Highest Quintile of Dividend Yield
Relative Free Cash Flow Yield[1]
1990 Through October 2017



Source: Empirical Research Partners Analysis.

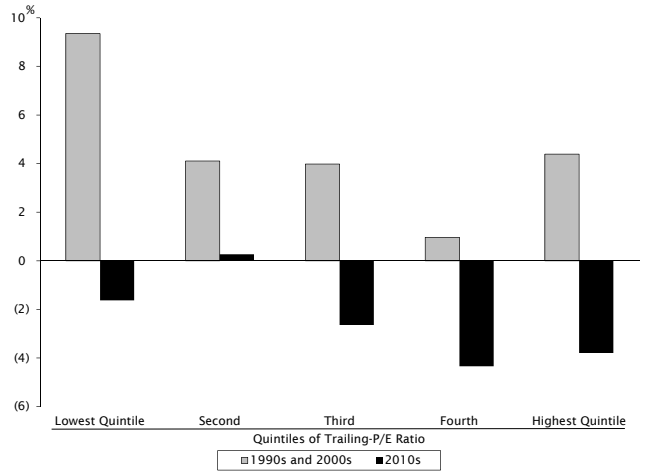
[1] Capitalization-weighted data; smoothed on a trailing three-month basis.

We also looked at whether other dividend-based metrics were of any use, and while higher dividend growth rates were rewarded in earlier decades, that's not been case in the 2010s (see Exhibit 14). Moreover, high payout ratios have usually signaled vulnerability, and they've consistently been a source of underperformance.

In general it's been best to avoid stocks surrounded by controversy and it's not surprising to find that's also been true among the highest dividend-yielding issues (see Exhibit 15). In the post-Crisis period the stocks with the highest levels of arbitrage risk have lagged by close to (6) percentage points per year, while the least controversial ones have led by about a point per annum.

In a similar vein the advantage of predictable earnings behind the dividend payment has been greater in the post-Crisis period, and stocks in the narrowest quintile of analyst earnings estimate dispersion have led by nearly +4 percentage points per year (see Exhibit 16). On the other hand, those with the widest estimates have lagged by about (8) percentage points per annum. When part of the goal is to generate a consistent stream of income, an appearance of certainty has carried great weight.

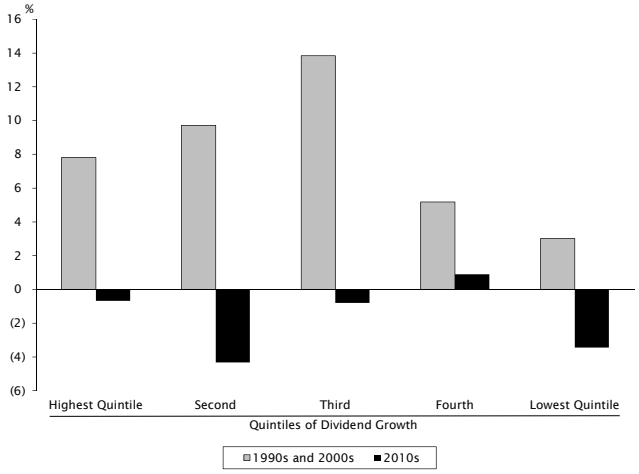
Exhibit 13: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns by Quintile of Trailing-P/E Ratio[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

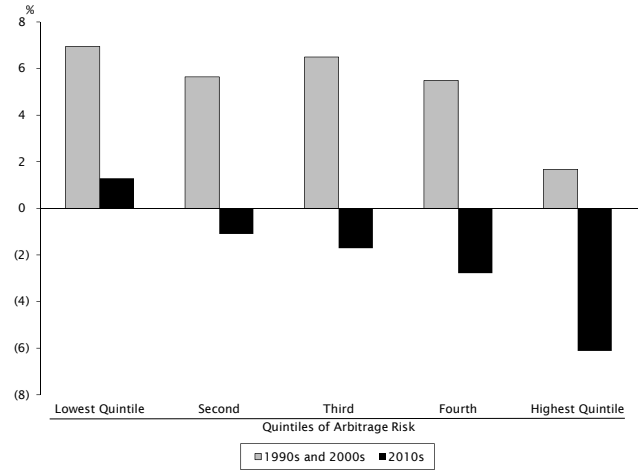
Exhibit 14: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns by Quintile of Dividend Growth[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

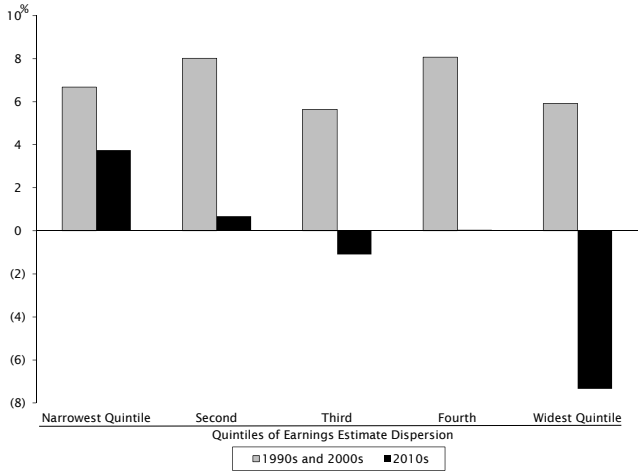
Exhibit 15: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns by Quintile of Arbitrage Risk[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

Exhibit 16: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns by Quintile of Earnings Estimate Dispersion[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

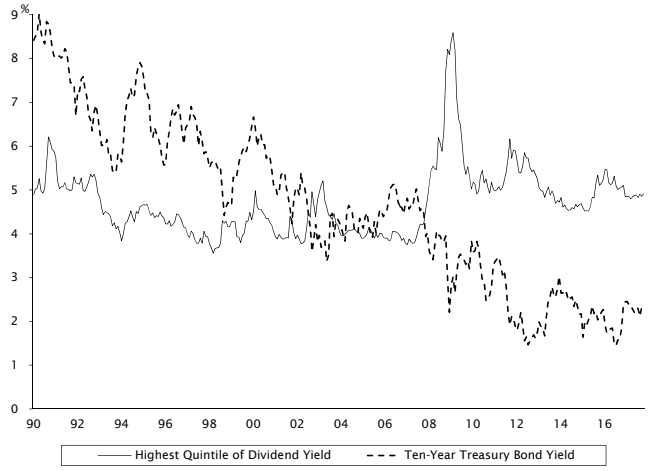
[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

Conclusion: Looking for Improving Fundamentals

During most of the post-Crisis period the dividend yield offered by the highest quintile has exceeded that of the Ten-Year U.S. Treasury Bond by an average of about +270 basis points, while in the preceding 20 years that spread was a deficit of (130) basis points (see Exhibit 17). As a result, in the 2010s the relative returns of the most stable part of the highest dividend-yielding group have resembled those of bonds, and they've been about +60% correlated to the moves in the Ten-Year U.S. Treasury Bond, about twice the level seen since 1990 (see Exhibit 18).

Today the dividend yield offered by the most-stable part of the highest dividend-yielding issues is about (120) basis points lower than that being offered by the least-stable part of the group, a result in the bottom-decile since 1990 (see Exhibit 19). Moreover, while the stable issues had historically offered a free cash flow yield advantage of about +5 percentage points, no such premium exists today (see Exhibit 20). Much like in the rest of the market, here too we're not being paid to bet on stability.

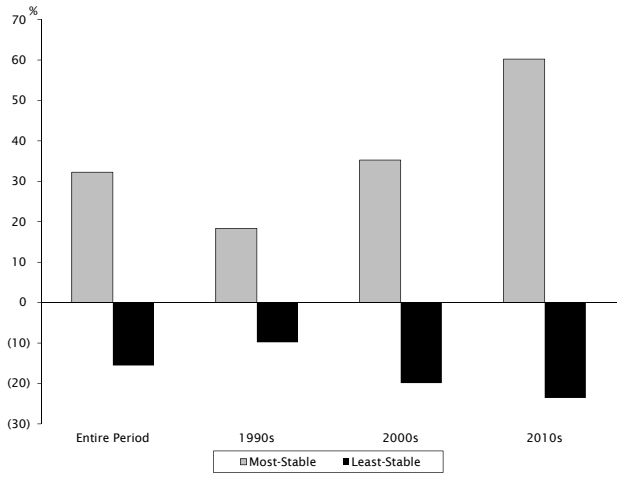
Exhibit 17: Developed Markets
The Highest Quintile of Dividend Yield
and the Ten-Year U.S. Treasury Bond Yield[1]
1990 Through October 2017



Source: Bloomberg L.P., Empirical Research Partners Analysis.

[1] Dividend yields are capitalization-weighted.

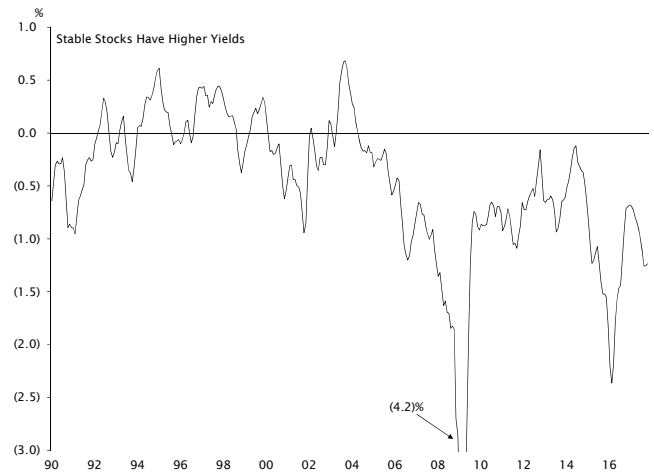
Exhibit 18: Developed Markets
The Highest Quintile of Dividend Yield
Correlation of Relative Returns of the
Most- and Least-Stable Stocks with the
Total Returns of Ten-Year U.S. Treasury Bonds[1]
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Stock returns are equally-weighted and USD-hedged.

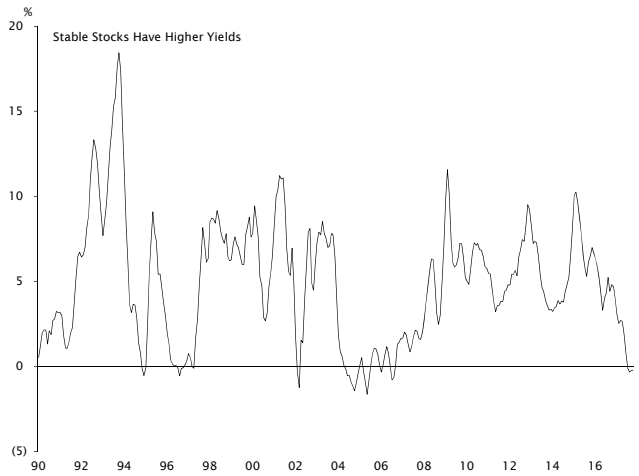
Exhibit 19: Developed Markets
The Highest Quintile of Dividend Yield
Spread of Dividend Yields Between the
Most- and Least-Stable Stocks[1]
1990 Through October 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data; smoothed on a trailing three-month basis.

Exhibit 20: Developed Markets
The Highest Quintile of Dividend Yield
Spread of Free Cash Flow Yields Between the
Most- and Least-Stable Stocks[1]
1990 Through October 2017



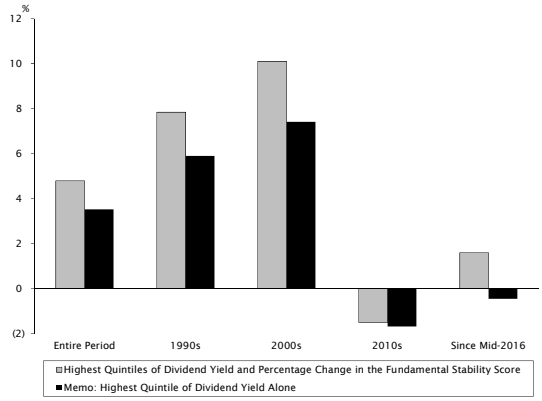
Source: Empirical Research Partners Analysis.

[1] Equally-weighted data; smoothed on a trailing three-month basis.

With the fundamentals of the highest dividend yielders becoming unstable in the post-Crisis era, looking for situations where things are getting better has proved to be a good use of time. Since 1990 those with the best year-over-year improvements in stability scores have led by about +5 percentage points per annum, about +120 basis points better than simply betting on the highest dividend yields alone (see Exhibit 21). That strategy has also been helpful after rates bottomed around the middle of last year, as captured by the bars on the far-right of the exhibit. Since then, a high *level* of stability has been a drag among the highest yielders, with the most-stable of them lagging by an annualized (3.6) percentage points (see Exhibit 22). Avoiding those issues with the biggest declines in stability, as well those with the highest controversy, proved beneficial.

Appendix 1 on page 9 presents the list of developed world large-cap issues in the highest quintiles of dividend yield with the best rates of improvement in fundamental stability, of which two-thirds are drawn from Continental Europe and the U.K. Financials screen prominently.

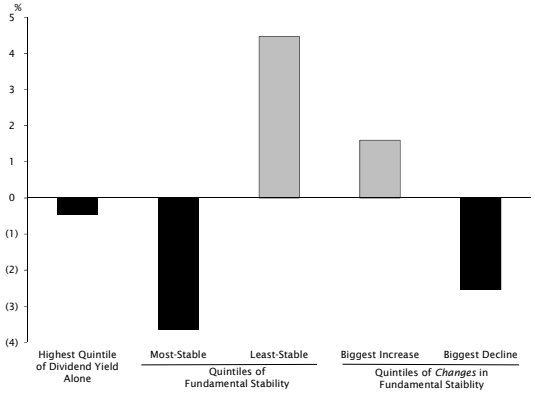
Exhibit 21: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns to the Highest Quintile of the Year-over-Year Percentage Change in the Fundamental Stability Score[1]
Monthly Data Compounded to Annual Periods
1990 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

Exhibit 22: Developed Markets
The Highest Quintile of Dividend Yield
Relative Returns to Select Factors[1]
Monthly Data Compounded to Annual Periods
Mid-2016 Through Mid-November 2017



Source: Empirical Research Partners Analysis.

[1] Equally-weighted data. Stocks are ranked across, and returns relative to, the market.

Appendix 1: Developed Markets: Large-Cap Stocks
Stocks in the Highest Quintiles of Dividend Yield and Changes in the Fundamental Stability Score
Sorted by Fundamental Stability Score and Market Capitalization Above $5bn
As of Mid-November 2017

					Quintiles (1=Best; 5=Worst)									
							Super Factors							
Symbol	Company	Price (Local)	Local Currency Code	Dividend Yield	*Change* in Fundamental Stability Score (1=Highest)	Fundamental Stability Score (1=Highest))	Valuation	Capital Deployment	Earnings Quality and Trend	Market Reaction	Memo: Arbitrage Risk (1=Lowest)	Forward P/E Ratio	Market Capitalization (USD Billion)
DTE GY	Deutsche Telekom AG	15.08	EUR	1	1	5	2	3	5	4	1	15.8	x $83.1
VOD LN	Vodafone Group Plc	2.28	GBP	1	1	5	2	1	1	3	3	24.3	81.4
STL NO	Statoil ASA	164.30	NOK	1	1	5	3	1	1	1	3	17.1	66.2
F US	Ford Motor Company	12.00	USD	1	1	5	1	3	5	4	2	7.3	48.1
EDF FP	Electricite de France SA	10.46	EUR	1	1	5	1	2	4	5	5	18.4	36.8
BT/A LN	BT Group plc	2.47	GBP	1	1	5	1	3	4	5	3	8.8	32.3
REP SM	Repsol SA	15.01	EUR	1	1	5	1	1	2	1	2	10.4	27.2
OKE US	ONEOK Inc.	50.83	USD	1	1	5	4	3	3	3	2	25.1	19.7
SNH GY	Steinhoff International Holdings NV	3.07	EUR	1	1	5	1	5	5	5	5	8.6	14.8
AMP AT	AMP Limited	5.08	AUD	1	1	5	3	2	5	4	2	14.3	11.3
PST IM	Poste Italiane SpA	6.16	EUR	1	1	5	1	3	4	3	1	9.1	9.5
SGRE SM	Siemens Gamesa Renewable Energy S.A.	10.28	EUR	1	1	5	3	4	3	5	5	14.3	8.2
CO FP	Casino Guichard-Perrachon SA	47.68	EUR	1	1	5	1	4	5	5	4	14.9	6.2
HP US	Helmerich & Payne Inc.	53.73	USD	1	1	5	5	3	5	5	4	NM	5.9
NAB AT	National Australia Bank Limited	29.94	AUD	1	1	4	1	4	3	4	1	12.3	61.4
6178 JP	Japan Post Holdings Co. Ltd.	1,254.00	JPY	1	1	4	2	1	3	5	4	12.6	49.8
CABK SM	CaixaBank SA	3.98	EUR	1	1	4	2	5	2	3	5	11.4	28.6
GAS SM	Gas Natural SDG S.A.	18.05	EUR	1	1	4	2	2	5	5	2	14.0	21.3
TELIA SS	Telia Company AB	37.87	SEK	1	1	4	3	4	2	3	1	13.2	19.4
FORTUM FH	Fortum Oyj	17.79	EUR	1	1	4	5	2	4	1	3	22.7	18.8
SLA LN	Standard Life Aberdeen PLC	4.10	GBP	1	1	4	2	2	4	2	3	13.1	16.2
NN NA	NN Group N.V.	35.24	EUR	1	1	4	1	5	5	2	1	9.6	14.1
SUN AT	Suncorp Group Limited	13.95	AUD	1	1	4	2	3	4	3	2	13.9	13.7
EDP PL	EDP-Energias de Portugal SA	3.00	EUR	1	1	4	1	2	3	5	4	13.1	13.1
83 HK	Sino Land Co. Ltd.	14.00	HKD	1	1	4	1	4	3	3	3	18.7	11.5
FP FP	Total SA	46.31	EUR	1	1	3	2	2	2	3	1	12.9	139.2
ALV GY	Allianz SE	197.20	EUR	1	1	3	2	2	4	1	1	11.7	105.8
AZN LN	AstraZeneca PLC	49.92	GBP	1	1	3	3	3	4	3	2	17.5	85.2
IBE SM	Iberdrola SA	6.54	EUR	1	1	3	3	4	5	5	2	14.7	48.6
8411 JP	Mizuho Financial Group Inc.	196.50	JPY	1	1	3	1	4	5	5	1	9.1	44.5
IMB LN	Imperial Brands PLC	30.81	GBP	1	1	3	1	2	1	5	4	10.8	38.8
DNB NO	DNB ASA	152.20	NOK	1	1	3	2	1	4	2	3	11.7	30.4
SWEDA SS	Swedbank AB Class A	201.60	SEK	1	1	3	2	2	2	4	2	NM	26.7
SEBA SS	Skandinaviska Enskilda Banken AB Class A	101.00	SEK	1	1	3	2	2	2	3	1	12.2	26.2
WPP LN	WPP Plc	12.53	GBP	1	1	3	1	1	3	5	5	10.1	20.7
SRG IM	Snam S.p.A.	4.28	EUR	1	1	3	3	3	2	1	2	15.4	17.8
POW CT	Power Corporation of Canada	32.66	CAD	1	1	3	1	3	3	2	2	10.6	11.9
RAND NA	Randstad Holding NV	49.88	EUR	1	1	3	1	1	5	4	3	11.6	10.8
IPL CT	Inter Pipeline Ltd.	26.23	CAD	1	1	3	3	3	1	3	3	18.3	7.8
ENG SM	Enagas SA	23.84	EUR	1	1	3	2	3	2	3	2	13.0	6.6
ETL FP	Eutelsat Communications SA	20.32	EUR	1	1	3	1	2	1	2	5	14.4	5.5
XOM US	Exxon Mobil Corporation	81.21	USD	1	1	2	3	2	1	3	1	21.2	346.0
MO US	Altria Group Inc.	65.26	USD	1	1	2	4	2	1	4	2	18.7	125.6
NDA SS	Nordea Bank AB	99.45	SEK	1	1	2	1	3	2	4	4	11.7	47.6
DANSKE DC	Danske Bank A/S	235.20	DKK	1	1	2	2	1	2	3	2	10.7	34.8
SAMPO FH	Sampo Oyj Class A	44.99	EUR	1	1	2	3	5	1	2	1	15.6	29.9
TGT US	Target Corporation	54.16	USD	1	1	2	1	1	1	5	5	12.6	29.6
GWO CT	Great-West Lifeco Inc.	34.80	CAD	1	1	2	2	3	5	4	1	12.0	27.0
PWF CT	Power Financial Corporation	35.65	CAD	1	1	2	1	3	4	3	1	10.7	19.9
SSE LN	SSE plc	13.55	GBP	1	1	2	1	2	1	5	2	11.0	18.0
LB US	L Brands Inc.	49.26	USD	1	1	2	2	4	2	5	5	14.2	14.2
TRN IM	Terna S.p.A.	5.19	EUR	1	1	2	3	3	1	2	1	15.3	12.3
H CT	Hydro One Ltd.	22.49	CAD	1	1	2	4	3	5	4	1	18.3	10.4
SKAB SS	Skanska AB Class B	182.50	SEK	1	1	2	4	5	5	5	4	14.9	9.0
IPG US	Interpublic Group of Companies Inc.	18.45	USD	1	1	2	1	2	1	5	5	12.1	7.3
ELISA FH	Elisa Oyj Class A	34.04	EUR	1	1	2	5	2	1	2	2	18.0	6.8
PSN LN	Persimmon Plc	26.69	GBP	1	1	1	3	3	1	1	4	10.6	11.1

Source: Empirical Research Partners Analysis.