



Safest Dividend Yields for June 2022

10 Large/Mid Cap and 10 Small Cap Stocks

Trust

Only our “novel database” enables investors to overcome flaws with legacy fundamental datasets and apply reliable fundamental data in their research.

Performance

The value and success of our ratings are noteworthy. See media features and accolades.

More Reports

Click here to access our research and become a member.



- Figure 1 shows six new stocks that make our June list.
- The Safest Dividend Yields Model Portfolio underperformed the S&P 500 from May 19, 2022 through June 21, 2022.
- The Model Portfolio fell 6.6% on a price return basis (S&P -3.7%) and 5.9% on a total return basis (S&P -3.3%).
- Figure 10 shows the eight stocks that outperformed since May's report.
- The stocks in this model portfolio have safer dividends based on free cash flow and economic earnings.
- Each stock has an Attractive or Very Attractive rating and a dividend yield that is among the highest in the market.
- This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.
- Our Robo-Analyst technology, [featured by Harvard Business School](#), enables analysis of financial footnotes at unprecedented scale.
- Our research utilizes more reliable & [proprietary](#) fundamental data, proven in [The Journal of Financial Economics](#) and [studies](#) from the public & private sectors.

Figure 1: Additions for June

Large/Mid Cap Additions		Small Cap Additions	
Ticker	Company Name	Ticker	Company Name
KRO	Kronos Worldwide	CASS	Cass Information Systems
MSM	MSC Industrial Direct	MTEX	Mannatech Inc.
WHR	Whirlpool Corporation	UBFO	United Security Bancshares

Sources: New Constructs, LLC

This model portfolio helps investors find high and safe dividend yields. When investors search for yield, we believe it is important to distinguish between safe and unsafe dividend yields.

Companies with strong free cash flow provide safer dividend yields because we know they generate the cash flow to support the dividend. Dividend yields from companies with low or negative free cash flow cannot be trusted as much because they may not be able to sustain their dividend since they are financing it with debt or cash on the balance sheet.

This model portfolio is updated the third week of every month.



Please see Appendix B for explanations of additions and deletions to the [Safest Dividend Yields Model Portfolio](#).

The 10 Safest Dividend Yield Large/Mid Cap Stocks for June

We recommend that investors equal-weight holdings in all 10 stocks.

Figure 2: 10 Top Dividend Yield Large/Mid Cap Stocks for June

				High-Quality Earnings		Cheap Valuation			
				As of Last Twelve Months		As of 6/21/22			
Ticker	Company Name	Dividend Yield	Sector	Positive Economic EPS	Return On Invested Capital (ROIC)	Positive Free Cash Flow Yield	Low Price-to-Economic Book Value	Short Market-Implied GAP (years)	Market Value (\$mm)
OMF	OneMain Holdings	10.4%	Financials	\$5.94	22%	27%	0.3	Less than 1	\$4,570
ORCC	Owl Rock Capital Corp	9.9%	Financials	\$0.58	9%	9%	0.5	Less than 1	\$4,940
HBI	Hanesbrands Inc.	5.8%	Consumer Cyclicals	\$1.05	11%	9%	0.3	Less than 1	\$3,585
PRU	Prudential Financial	5.1%	Financials	\$2.61	10%	34%	0.6	Less than 1	\$35,213
DOW	Dow Inc.	5.1%	Basic Materials	\$6.15	14%	9%	0.4	Less than 1	\$40,009
BBY	Best Buy	5.0%	Consumer Cyclicals	\$7.06	24%	11%	0.5	Less than 1	\$15,868
MMM	3M Company	4.6%	Industrials	\$6.86	13%	7%	0.7	Less than 1	\$73,983
WHR*	Whirlpool Corporation	4.6%	Consumer Cyclicals	\$14.88	12%	11%	0.4	Less than 1	\$8,600
KRO*	Kronos Worldwide, Inc.	4.1%	Basic Materials	\$0.75	10%	5%	0.8	1	\$2,141
MSM*	MSC Industrial Direct	4.1%	Industrials	\$3.81	14%	2%	0.7	Less than 1	\$4,116

* Addition to the list in June
Top Dividend Yield Stocks are Sorted by Dividend Yield in Descending Order

Sources: New Constructs, LLC

The 10 Safest Dividend Yield Small Cap Stocks for June

We recommend that investors equal-weight holdings in all 10 stocks.

Figure 3: 10 Top Dividend Yield Small Cap Stocks for June

				High-Quality Earnings		Cheap Valuation			
				As of Last Twelve Months		As of 6/21/22			
Ticker	Company Name	Dividend Yield	Sector	Positive Economic EPS	Return On Invested Capital (ROIC)	Positive Free Cash Flow Yield	Low Price-to-Economic Book Value	Short Market-Implied GAP (years)	Market Value (\$mm)
ETD	Ethan Allen Interiors	6.3%	Consumer Cyclicals	\$2.46	17%	11%	0.3	Less than 1	\$515
UBFO*	United Security Bancshares	5.8%	Financials	\$0.07	8%	8%	0.8	Less than 1	\$128
EBF	Ennis Inc.	5.4%	Industrials	\$0.41	7%	9%	0.7	Less than 1	\$480
MTEX*	Mannatech Inc.	4.8%	Consumer Non-cyclicals	\$2.34	22%	38%	0.2	Less than 1	\$32
WSBF	Waterstone Financial	4.7%	Financials	\$1.24	9%	16%	0.3	Less than 1	\$400
HVT	Haverty Furniture Companies	4.7%	Consumer Cyclicals	\$5.19	26%	10%	0.2	Less than 1	\$369
CIX	CompX International	4.7%	Consumer Cyclicals	\$0.79	11%	7%	0.7	Less than 1	\$263
HTBK	Heritage Commerce Corp	4.7%	Financials	\$0.04	7%	4%	1.0	Less than 1	\$670
ACCO	ACCO Brands Corp	4.5%	Industrials	\$0.15	5%	8%	0.3	Less than 1	\$653
CASS*	Cass Information Systems	3.3%	Industrials	\$1.36	17%	71%	0.8	Less than 1	\$460

* Addition to the list in June

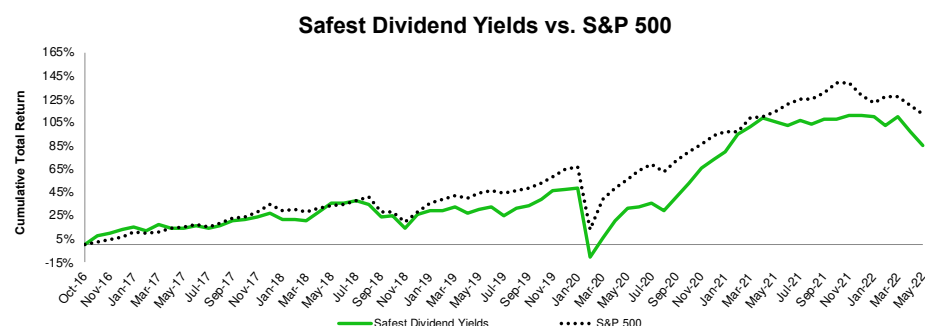
Top Dividend Yield Stocks are Sorted by Dividend Yield in Descending Order

Sources: New Constructs, LLC



Safest Dividend Yields: Total Return Performance

Per Figure 4, the Safest Dividend Yields Model Portfolio has underperformed on a total return basis since inception in October 2016. Since then, the Safest Dividend Yields Model Portfolio has cumulative total returns of 94% compared to 105% for the S&P 500.

Figure 4: Total Return of Safest Dividend Yields Model Portfolio

Sources: New Constructs, LLC

Note: Gain/Dcline performance analysis excludes transaction costs.

Most recent month return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports.

Figure 5: Monthly Total Return of Safest Dividend Yields

Portfolio Total Returns									
	2016	2017	2018	2019	2020	2021	1Q22	Apr-22	May-22
Safest Dividend Yields	13.4%	11.9%	-0.5%	16.8%	17.5%	22.2%	-0.9%	-1.8%	-5.9%
S&P 500	6.4%	26.1%	-4.2%	28.1%	18.1%	17.4%	-0.4%	-6.8%	-3.3%

Sources: New Constructs, LLC

Note: Gain/Dcline performance analysis excludes transaction costs.

Most recent month return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports.

Figure 6: Cumulative Total Return of Safest Dividend Yields

Cumulative Portfolio Total Returns									
	2016	2017	2018	2019	2020	2021	1Q22	Apr-22	May-22
Safest Dividend Yields	13.4%	26.9%	26.2%	47.4%	73.2%	111.7%	109.7%	106.1%	93.8%
S&P 500	6.4%	34.2%	28.5%	64.6%	94.3%	128.2%	127.4%	111.9%	105.0%

Sources: New Constructs, LLC

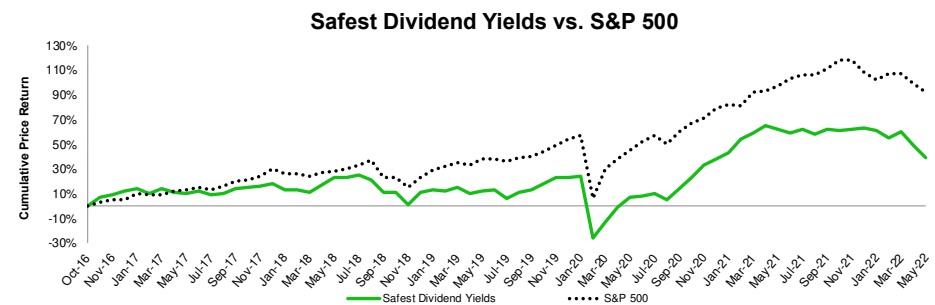
Note: Gain/Dcline performance analysis excludes transaction costs.

Most recent month return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports.



Safest Dividend Yields: Price Return Performance

Per Figure 7, the Safest Dividend Yields Model Portfolio has underperformed on a price return basis since inception in October 2016. Since then, the Safest Dividend Yields Model Portfolio has cumulative price returns of 46% compared to 86% for the S&P 500. A detailed breakdown of last month's performance can be seen on the next page.

Figure 7: Price Return of Safest Dividend Yields Model Portfolio

Sources: New Constructs, LLC

Note: Gain/Dcline performance analysis excludes transaction costs and dividends

Most recent month return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports

Figure 8: Monthly Price Return of Safest Dividend Yields

Portfolio Price Returns									
	2016	2017	2018	2019	2020	2021	1Q22	Apr-22	May-22
Safest Dividend Yields	12.3%	5.4%	-6.2%	11.1%	12.3%	17.8%	-2.0%	-2.0%	-6.6%
S&P 500	5.8%	23.7%	-6.0%	25.7%	16.0%	16.3%	-0.7%	-6.8%	-3.7%

Sources: New Constructs, LLC

Note: Gain/Dcline performance analysis excludes transaction costs and dividends.

Most recent month return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports.

Figure 9: Cumulative Price Return of Safest Dividend Yields

Cumulative Portfolio Price Returns									
	2016	2017	2018	2019	2020	2021	1Q22	Apr-22	May-22
Safest Dividend Yields	12.3%	18.3%	11.0%	23.3%	38.5%	63.2%	60.0%	56.7%	46.4%
S&P 500	5.8%	30.9%	23.0%	54.6%	79.3%	108.5%	107.1%	93.1%	85.9%

Sources: New Constructs, LLC

Note: Gain/Dcline performance analysis excludes transaction costs and dividends.

Most recent month return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports.



Safest Dividend Yields: Monthly Price Updates

The [Safest Dividend Yields Model Portfolio](#) (-6.6%) underperformed the S&P 500 (-3.7%) from May 19, 2022 to June 21, 2022. Eight stocks have outperformed their respective benchmarks (S&P 500 & Russell 2000) and six stocks have positive returns. See Figure 10 for details. For updates on the performance of all of last month's stocks, see Appendix A. This performance is based on closing prices from May 19, 2022 to June 21, 2022

See our quarterly [Model Portfolio Performance reports](#) for updates on performance since inception and other longer periods of time.

Figure 10: Eight Stocks That Outperformed Since May's Report

Large/Mid Cap			Small Cap		
Ticker	Company Name	Change From 5/19/22	Ticker	Company Name	Change From 5/19/22
EBF	Ennis Inc.	6.7%	WSBF	Waterstone Financial Inc	4.4%
PSX	Phillips 66	0.7%	HTBK	Heritage Commerce	3.0%
CIX	CompX International, Inc.	-0.5%	KRO	Kronos Worldwide, Inc.	2.9%
ORCC	Owl Rock Capital Corp	-3.3%	XOM	Exxon Mobil Corp	0.4%
SPY	S&P 500	-3.7%	RUT	Russell 2000	-4.6%

Sources: New Constructs, LLC

Note: Gain/decline performance analysis excludes transaction costs and dividends.

Return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports.



Safest Dividend Yield: Methodology

Stocks make our Safest Dividend Yield Model Portfolio because they have:

1. Attractive or Very Attractive [rating](#)
2. Dividend Yield >3%
3. Positive [Free Cash Flow](#) and [Economic Earnings](#)

To support sector diversification, we limit the number of stocks per sector on each list to three.

This model portfolio offers a well-screened group of stocks that also delivers yields greater than the market (S&P 500 yields ~1.3%), dividend sustainability because of strong free cash flow, and the potential for capital appreciation as each stock is currently undervalued.



Appendix A – Price Performance of Stocks in May's Report

Figure 11: Price Performance of All Stocks From May's Report

Large/Mid Cap			Small Cap		
Ticker	Company Name	Change From 5/19/22	Ticker	Company Name	Change From 5/19/22
EBF	Ennis Inc.	6.7%	WSBF	Waterstone Financial	4.4%
PSX	Phillips 66	0.7%	HTBK	Heritage Commerce Corp	3.0%
CIX	CompX International, Inc.	-0.5%	KRO	Kronos Worldwide, Inc.	2.9%
ORCC	Owl Rock Capital Corp	-3.3%	XOM	Exxon Mobil Corp	0.4%
SPY	S&P 500	-3.7%	RUT	Russell 2000	-4.6%
BBY	Best Buy Co, Inc.	-3.9%	PRU	Prudential Financial, Inc.	-5.7%
HNI	HNI Corporation	-6.8%	OMF	OneMain Holdings	-11.3%
ACCO	ACCO Brands Corp	-7.0%	MMM	3M Company	-11.5%
ETD	Ethan Allen Interiors, Inc.	-8.5%	HBI	Hanesbrands Inc.	-12.1%
CWH	Camping World Holdings	-15.2%	HVT	Haverty Furniture Cos.	-12.1%
DOW	Dow Inc.	-20.1%	CURO	CURO Group Holdings	-31.8%
Portfolio Return		-5.8%	Portfolio Return		-7.4%
Combo (Large and Small Cap) Return		-6.6%			

Sources: New Constructs, LLC

Note: Gain/decline performance analysis excludes transaction costs and dividends.

Return data is through June 21, 2022. Official return data will be provided in our quarterly Model Portfolio Performance reports.



Appendix B – Additions and Deletions

Safest Dividend Yield Large/Mid Cap Stocks

Deletions:

- CWH - Displaced by improved rank of other stocks
- PSX - Displaced by improved rank of other stocks
- XOM - Rating downgraded to Neutral

Additions:

- KRO - Market cap increased to Large/Mid cap
- MSM - Addition by improved rank over other stocks
- WHR - Addition by improved rank over other stocks

Safest Dividend Yield Small Cap Stocks

Deletions:

- CURO - Displaced by improved rank of other stocks
- HNI - Rating downgraded to Neutral
- KRO - Market cap increased to Large/Mid Cap

Additions:

- CASS - Addition by improved rank over other stocks
- MTEX - Addition by improved rank over other stocks
- UBFO - Addition by improved rank over other stocks



Explanation of Risk/Reward Rating System

Our Risk/Reward Rating System assigns a rating to every stock under our coverage according to what we believe are the 5 most important criteria for assessing the risk versus reward of stocks. See table that follows for details.

Overall Risk/Reward Ranking	The Overall Risk/Reward Ranking provides a final rating based on the equal-weighted average rating of each criterion.
Very Unattractive	FCF Yield is not included in the average.
Unattractive	FCF Yield is not included in the average.
Neutral	All criteria are equal-weighted in the average calculation.
Attractive	All criteria are equal-weighted in the average calculation.
Very Attractive	All criteria are equal-weighted in the average calculation.

Economic vs Reported EPS	Rates stocks based on how their Economic Earnings compare to their Reported Earnings. Values based on Latest Fiscal Year.
Very Unattractive	Negative and declining Economic Earnings despite positive and rising Reported Earnings
Unattractive	Same as above except Reported Earnings are not rising or Reported Earnings are not positive
Neutral	Negative Economic and Reported Earnings
Attractive	Economic Earnings are positive
Very Attractive	Economic Earnings are positive and rising

Return on Invested Capital (ROIC)	Rates stocks based on their ROIC. Values based on Latest Fiscal Year.
Bottom Quintile	Very Unattractive = < 4.8%
4th Quintile	Unattractive = 4.8% < 7.5%
3rd Quintile	Neutral = 7.5% < 10.5%
2nd Quintile	Attractive = 10.5% < 14.5%
Top Quintile	Very Attractive = > 14.5%

FCF Yield	Rates stocks based on their Free Cash Flow Yield. Values based on Latest Closing Stock price and Latest Fiscal Year.
<-5%	Very Unattractive = less than or equal to -5%
-5%<-1%	Unattractive = more than -5% but less than or equal to -1%
-1%<3%	Neutral = more than -1% but less than or equal to +3%
3%<10%	Attractive = more than +3% but less than or equal to +10%
>10%	Very Attractive = more than +10%



Price-to-EBV Ratio	Rates stocks based on their Price-to-Economic Book Value Ratio. Values based on Latest Closing Stock price and Latest Fiscal Year.
>3.5 or -1>0	Very Unattractive = greater than or equal to 3.5 or less than 0 but greater than -1
2.4>3.5 or <-1	Unattractive = greater than or equal to 2.4 but less than 3.5 and less than or equal to -1
1.6>2.4	Neutral = greater than or equal to 1.6 but less than 2.4
1.1>1.6	Attractive = greater than or equal to 1.1 but less than 1.6
0>1.1	Very Attractive = greater than or equal to 0 but less than 1.1

Growth Appreciation Period (yrs)	Rates stocks based on their Market-Implied Growth Appreciation Period. Values based on Latest Closing Stock price and Default Forecast Scenario.
>50	Very Unattractive = greater than or equal to 50 years
20>50	Unattractive = at least 20 years but less than 50
10>20	Neutral = at least 10 years but less than 20
3>10	Attractive = at least 3 years but less than 10
0>3	Very Attractive = at least 0 years but less than 3



It's Official: We Offer the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. Legacy fundamental datasets suffer from significant inaccuracies, omissions and biases.
2. Only our “novel database” enables investors to overcome these flaws and apply [reliable](#) fundamental data in their research.
3. Our proprietary measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

Forthcoming in [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by *S&P Global’s (SPGI) Adjustments* individually.” – pp. 14, 1st para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

A top accounting firm features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Indiana’s Kelley School of Business. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



DISCLOSURES

New Constructs®, LLC (together with any subsidiaries and/or affiliates, "New Constructs") is an independent organization with no management ties to the companies it covers. None of the members of New Constructs' management team or the management team of any New Constructs' affiliate holds a seat on the Board of Directors of any of the companies New Constructs covers. New Constructs does not perform any investment or merchant banking functions and does not operate a trading desk.

New Constructs' Stock Ownership Policy prevents any of its employees or managers from engaging in Insider Trading and restricts any trading whereby an employee may exploit inside information regarding our stock research. In addition, employees and managers of the company are bound by a code of ethics that restricts them from purchasing or selling a security that they know or should have known was under consideration for inclusion in a New Constructs report nor may they purchase or sell a security for the first two days after New Constructs issues a report on that security.

DISCLAIMERS

The information and opinions presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or solicitation of an offer to buy or sell securities or other financial instruments. New Constructs has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor and nothing in this report constitutes investment, legal, accounting or tax advice. This report includes general information that does not take into account your individual circumstance, financial situation or needs, nor does it represent a personal recommendation to you. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about any such investments or investment services.

Information and opinions presented in this report have been obtained or derived from sources believed by New Constructs to be reliable, but New Constructs makes no representation as to their accuracy, authority, usefulness, reliability, timeliness or completeness. New Constructs accepts no liability for loss arising from the use of the information presented in this report, and New Constructs makes no warranty as to results that may be obtained from the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information and opinions contained in this report reflect a judgment at its original date of publication by New Constructs and are subject to change without notice. New Constructs may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and New Constructs is under no obligation to insure that such other reports are brought to the attention of any recipient of this report.

New Constructs' reports are intended for distribution to its professional and institutional investor customers. Recipients who are not professionals or institutional investor customers of New Constructs should seek the advice of their independent financial advisor prior to making any investment decision or for any necessary explanation of its contents.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would be subject New Constructs to any registration or licensing requirement within such jurisdiction.

This report may provide the addresses of websites. Except to the extent to which the report refers to New Constructs own website material, New Constructs has not reviewed the linked site and takes no responsibility for the content therein. Such address or hyperlink (including addresses or hyperlinks to New Constructs own website material) is provided solely for your convenience and the information and content of the linked site do not in any way form part of this report. Accessing such websites or following such hyperlink through this report shall be at your own risk.

All material in this report is the property of, and under copyright, of New Constructs. None of the contents, nor any copy of it, may be altered in any way, copied, or distributed or transmitted to any other party without the prior express written consent of New Constructs. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of New Constructs.

Copyright New Constructs, LLC 2003 through the present date. All rights reserved.