



Free Stock Pick from our Safest Dividend Yields Model Portfolio for October 2025

Every now and then, a fruit tree might produce an unusually large harvest because of a rare stretch of perfect weather. Similarly, a company might record a temporary spike in profits and pay it out as a special dividend. But, that doesn't mean the results are repeatable year after year.

The best fruit trees consistently bear fruit because their roots are deep, soil is rich, and environment is stable. Similarly, the best dividend stocks are supported by quality, recurring cash flows and stable business that ensure future cash flows and dividend payouts.

Investors who search for trees during outlier seasons or focus only on the tallest trees (highest dividend yields) often end up with trees that produce no fruit when the seasons change. For example, in [What Most Retirees Miss: The Dividend Shortcut Investors Are Using to Win 2025](#), we explain how there are three types of bad dividend stocks and what makes a good dividend stock.

We designed our Safest Dividend Yields Model Portfolio to get investors the best and most reliable dividend stocks. It only includes companies that generate sufficient cash flows to support dividend payments and stocks that earn our Attractive or Very Attractive rating. This Model Portfolio aims to give you the best of both worlds: safety and upside potential.

Below you will find a free pick from the latest edition of our Safest Dividend Yields Model Portfolio. This summary is not a full Long Idea report, but it will give you insight into the rigor of our research. Feel free to share this report with friends and colleagues.

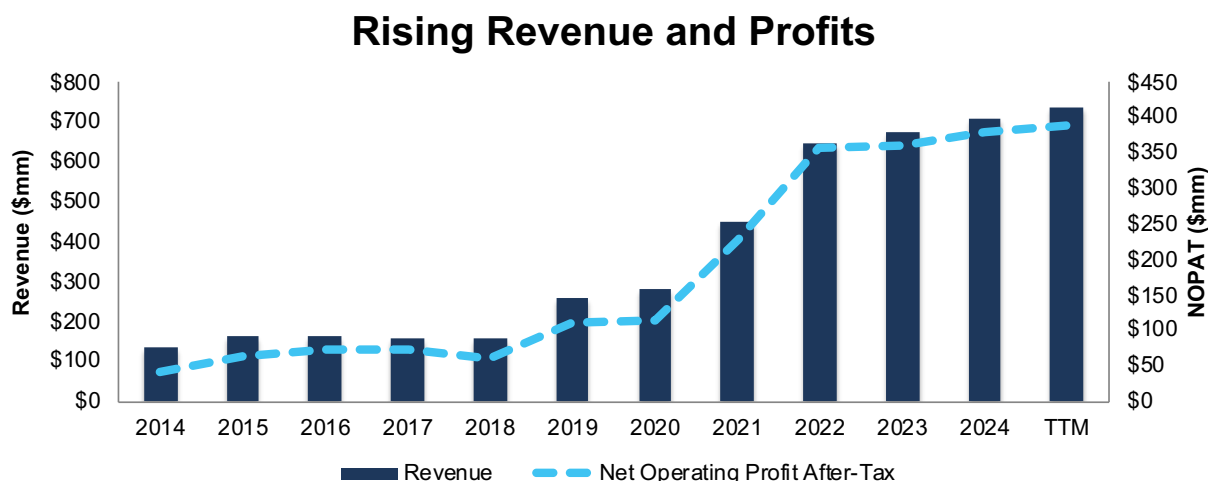
We update this Model Portfolio monthly. [October's](#) Safest Dividend Yields Model Portfolio was updated and published for clients on October 22, 2025.

Free Stock Pick: Global Ship Lease, Inc. (GSL: \$31/share)

Global Ship Lease (GSL) is the featured stock in October's Safest Dividend Yields Model Portfolio.

Global Ship Lease has grown revenue and net operating profit after tax (NOPAT) 17% and 24% compounded annually, respectively, since 2014. The company's [invested capital turns](#) rose from 0.2 in 2014 to 0.3 in the trailing-twelve-months (TTM), while its NOPAT margin improved from 30% to 53% over the same time. Rising NOPAT margins and invested capital turns drive the company's return on invested capital (ROIC) from 5% in 2014 to 16% in the TTM.

Figure 1: Global Ship Lease's Revenue & NOPAT Since 2014

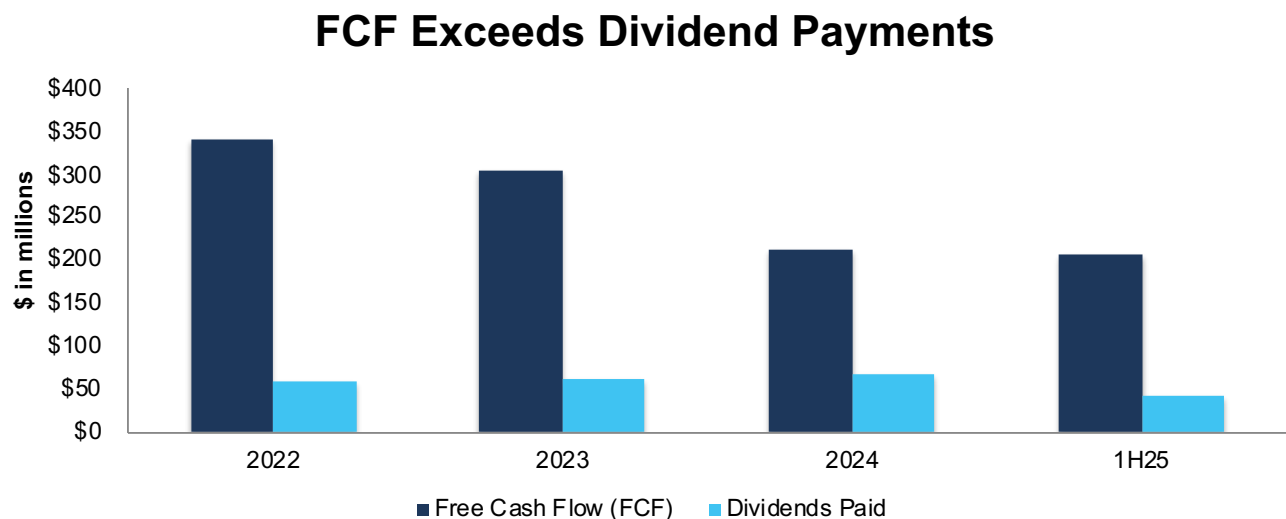


Sources: New Constructs, LLC and company filings

**Free Cash Flow Exceeds Regular Dividend Payments**

Global Ship Lease has increased its regular dividend from \$0.25/share in 1Q22 to \$0.53/share in 3Q25. The current quarterly dividend, when annualized provides a 6.9% dividend yield.

The company's free cash flow ([FCF](#)) easily exceeds its regular dividend payments. From 2022 through the first half of 2025, the company generated \$1.1 billion (74% of current [enterprise value](#)) in FCF while paying \$230 million in dividends. See Figure 2.

Figure 2: Global Ship Lease's FCF Vs. Dividend Payments Since 2022

Sources: New Constructs, LLC and company filings

As Figure 2 shows, this company's dividends are backed by a history of reliable cash flows. Dividends from companies with low or negative FCF are less dependable since the company might not have the cash to sustain paying dividends.

GSL Is Undervalued

At its current price of \$31/share, GSL has a price-to-economic book value ([PEBV](#)) ratio of 0.2. This ratio means the market expects the company's NOPAT to permanently fall 80% from TTM levels. This expectation seems overly pessimistic given that the company has grown NOPAT by 24% compounded annually since 2014 and 26% compounded annually since 2019.

Even if the company's:

- NOPAT margin immediately falls to 20% (compared to 53% in the TTM) through 2034,
- revenue grows at consensus estimates in 2025 (4%) and 2026 (-2%), and
- revenue continues to fall 2% (below CAGR of 17% over the last decade) compounded annually through 2027 – 2034, then

the stock would be worth \$45/share today – a 45% upside. In this scenario, the company's NOPAT would fall 11% compounded annually through 2034. [Contact us for the math behind this reverse DCF scenario.](#)

Should the company's NOPAT grow more in line with recent growth rates, the stock has even more upside.

Critical Details Found in Financial Filings by Our [Robo-Analyst Technology](#)

Below are specifics on the adjustments we make based on Robo-Analyst findings in this featured stock's 10-K and 10-Qs:

Income Statement: we made nearly \$80 million in adjustments with a net effect of removing just under \$40 million in [non-operating expenses](#). Professional members can see all adjustments made to the company's income statement on the GAAP Reconciliation tab on the Ratings page on our website.



Balance Sheet: we made just under \$750 million in adjustments to calculate invested capital with a net increase of over \$250 million. One of the most notable adjustments was for [asset write downs](#). Professional members can see all adjustments made to the company's balance sheet on the GAAP Reconciliation tab on the Ratings page on our website.

Valuation: we made nearly \$1.2 billion in adjustments with a net decrease in shareholder value of just under \$350 million. The most notable adjustment to shareholder value was for [total debt](#). Professional members can see all adjustments to the company's valuation on the GAAP Reconciliation tab on the Ratings page on our website.

This article was originally published on [October 31, 2025](#).

Disclosure: David Trainer, Kyle Guske II, and Hakan Salt receive no compensation to write about any specific stock, style, or theme.

Questions on this report or others? Join our [online community](#) and connect with us directly.



It's Official: We Deliver 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. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

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

Ernst & Young 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 Harvard Business School. 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](#).



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