Kiplinger's Investing for Income
Strategies to Boost Your Cash Yield
APRIL 2020, VOL. 9, NO. 4

After the Deluge: Picking Up the Pieces

You are no doubt unnerved by the flash bear market. But it would be a calamity to miss out on or lose critical portfolio income. So, it is essential to look beyond gyrating securities prices and evaluate the certainty of every income payment. Elsewhere in this issue we'll assess possible further depredations to stock indexes from empty airplanes and shuttered theme parks. Our first mission is to discuss and advise you on your investment income.

If you're sensibly diversified, you're drawing cash from municipal and corporate bonds; dividend-paying corporations; mortgage, credit and bank-loan funds; and IOUs issued by banks, energy producers, transportation companies as well as those backed by real estate sales and leases. Some news from these fronts, such as low loan delinquencies and built-up strength in jobs and housing, means banks, major corporations and state and local governments have robust financial defenses that can withstand a month or a quarter of a shock slowdown.

But other trends are unsettling. Oil prices are being held hostage to the spat between Russia and Saudi Arabia on top of worldwide weak demand and vast oversupply. Dividend cuts and bond defaults are inevitable. BBB-rated corporate bonds, long-term winners and still a core category, caught contagion from March's quick-and-violent sell-off in junk bonds. IShares iBoxx $ Investment Grade Corporate Bond ETF (LQD) owns $30 billion of single-A and triple-B bonds; its 8.4% loss in the second week of March was as ugly and unexpected as anything in equities.

> **Volatility and portfolio damage will ease when fear turns into annoyance with daily life.**

Municipal bonds had a rough ride, too, losing 3% that week. As performance-chasing fund players fled, buyers' bids weakened and ETFs, the worst way to own bonds except Treasuries, got squeezed, with share prices falling further than the value of the bonds themselves. That had nothing to do with creditworthiness and everything to do with trading mechanics and herd misbehavior. "The fear of [a further] exit was worse than the actual exiting," says Baird Funds senior municipal manager Duane McAllister.

Preferred stocks also took punches. Closed-end Flaherty & Crumrine Preferred & Income Fund (PFD) fell from $16 to $11 despite a minimal change in its net asset value. Mortgage REIT preferreds got whacked the worst over heavy loan refinancings, but all sorts of preferred stocks hit the crash richly valued, energized by low common-stock yields. However, there are no reports yet of skipped or suspended preferred dividends. That's partly why on March 13 PFD regained nearly all the previous day's 10% loss. As

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of March 13, its NAV had fallen only 5% in a month; at an 8% discount, PFD shouts to anyone with patience and ample cash reserves.

As to calling this turn, you're looking for signs that although the news is still negative, it's not as awful as it was. Eddy Vataru, a mortgage and bond manager with Osterweis Funds, thinks volatility and portfolio damage will ease when fear turns into annoyance with daily life, concerns about job security and so on. That is more about epidemiologists and government performance than finance, but we've seen "green shoots" quash downturns. We see a recovery in three stages:

In the short run, meaning during the crisis, you'll (mostly) still get paid. Dividends are holding up as companies put off interruptions or suspensions at least until they announce current and impaired results and outlooks during earnings season. The AT&Ts, Verizons and Coca-Colas, with their enormous cash reserves and yield-oriented investor bases, have no reason to disturb payouts. Raises are still happening. We've even seen retailers, despite empty stores, persist with boosts; during the dark week of March 9, Dollar General and Dick's Sporting Goods raised their dividends by 13%. Banks are another pressure point, because they've been busily rebuilding dividends for years. We asked KBW, an investment firm that specializes in financial companies, about current bank yields of 6% and more that read more like junk-bond rates. KBW's analysts say that while banks are pausing stock buybacks, "the negative stigma associated with reducing dividends" remains powerful. REITs, which have to pay dividends on nearly all their net income, have also announced some increases despite the troubles.

Turning to bonds, municipal and government credit is sound; the falling prices of investment-grade debt generally reflect widening bid-ask spreads and selling pressure rather than genuine fear of missed payments. If you own individual munis, essential services such as highways and water and sewer are safer than, say, the debt of a stadium or an entertainment project whose business will melt for a while. Keep in mind that falling interest rates do offset some of the pressure on bond values.

In the medium term, look for tougher decisions as quasi-normalcy returns. By late summer and fall, assuming the health crisis recedes, companies forced to tap credit lines or cash reserves will assess the damage. We aren't certain yet that there will be frequent dividend cuts or freezes throughout the S&P 500, but you'll see some headlines. Mortgage and credit funds and finance companies, now priced to yield upward of 10%, will retrench, too. Business development companies are freshly trading far below book value because their customers are less creditworthy than borrowers at regular banks. So BDCs are likely to cut dividends. And sharply lower interest rates put bond funds in the predicament of replacing matured or sold-off assets with stuff that pays much less. Various fixed-income funds will have to reduce distributions. But higher-yielding segments, such as corporate and municipal bonds and high-grade preferreds, will find bargain hunters and recover some capital losses.

In the long term, which begins in 2021, eternal verities may again apply. This event capsized many principles, starting with our three-day rule, the decree that news-driven sell-offs last three days and buyers then storm in and regain the upper hand. There's no reason to think that this pattern won't return post-virus or that all recorded portfolio-management wisdom is dead. We've talked about de-risking and going largely to cash, and you should do so if that's right for you. But if you still seek growth to go with income, all is not lost. Stronger and better-financed owners will get control of orphaned oil-and-gas reserves, distressed real estate, weak lenders, failed retailers and brands, and more. How many enterprises that went under in 2008 and 2009 really mattered that much to you, anyway? Fewer than you think.

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Fixed-Income Fund Payouts Become Unfixed

Readers are asking us why the share prices or net asset values of interest-paying investments are dropping while market interest rates (and stock indexes) plunge. Ordinarily, falling rates boost bond-fund prices. There are two reasons. One is the technical, or "plumbing," troubles that are worsening as vastly more sellers than buyers force pricing gaps and discounts to erupt all over. The Federal Reserve's interventions and sheer exhaustion should eventually close those gaps, but there is so much debt and uncontrolled high-speed trading that for now this is an unpleasant fact of bond-fund life.

Even the vast and usually liquid Vanguard Total Bond Market ETF (symbol BND) posted a share price of $81 but a net asset value of $84 on March 18—although ETF prices and portfolio values are supposed to track within a few cents. And first-rate actively managed closed-end bond funds, which were selling at premiums 30 days ago, are again sprouting wide discounts. That's bad for your total account balances, but you will get interest and dividends because we're not yet suffering Treasury and mortgage- and corporate-bond defaults. However, you may get paid less. And that's the second stress point on funds' market prices: pay cuts. People won't pay as much to invest in something if its income capability is impaired.

Falling bank and Treasury yields, commodity deflation, a lack of capital gains to distribute, and sheer cash hoarding all stand to cut into monthly and quarterly distributions. BND, for example, paid $0.1873 in December. In February, it was $0.1825, and March's rate was $0.1727. April and May's dividends will surely be less, maybe a full cent less. Bond ETFs and mutual funds pass through what they earn from their portfolios, and those yields are dropping as assets mature and lower-coupon securities replace them. Plus, funds that raise cash for strategic and defensive reasons or to prepare for heavy redemptions will earn literally next to nothing on these balances. Fidelity Floating-Rate High Income, our longstanding Juiced-Up Cash anchor, has 6% cash and 94% loans. If its managers decide loans are too risky to keep, the fund's cash weighting could reach or pass 10%. And its February and March distributions were already less than those throughout 2019.

Another point of pressure on fund distributions is the meltdown of accumulated capital gains. Some funds, generally closed-ends, use trading profits to help maintain a high and level monthly payout rate. This is called a "managed distribution" policy and under normal circumstances it's perfectly fine. But capital gains are disappearing, so a balanced fund or a dividend-focused stock fund that doesn't collect enough net investment income to meet its monthly shareholder obligation will have no choice but to cut the managed dividend. The alternatives of raising money from selling new shares, issuing preferred stock or leveraging up, or unloading the best parts of the portfolio, are off the table until the markets stop crashing. They're generally unwise anyway.

Another complication of late is that the yield spreads between Treasuries and municipal and corporate bonds widened substantially during early March. This, again, won't affect the interest payments on existing bonds with ratings like A and BBB, but it provoked some news coverage with words like "rout" and "bloodbath" over 3% to 5% markdowns. But this has forced some bond funds, chiefly ETFs, to sell good high-paying bonds, and that could nick the payouts in the short run.

Ultra-short and other short-duration funds will see the Fed's rate cut in fairly short order, depending on whether the fund owns direct bank and government obligations or if it invests in securities backed by credit-card bills and other credit. These types of funds, of which FPA New Income (FPNIX, $9.98, yield 2.5%) is the exemplar, are a good place to hide because banks won't offer consumers super-cheap credit. FPNIX is one of the extremely small number of funds in the green year-to-date. The government might block or discourage car repossessions and foreclosures at least until America can see its way to the other side of the coronavirus crisis. Banks normally resist such forbearance, but a few skipped or postponed installments would be less disruptive than write-downs and property seizures.

Finally, there's one sure-shot way to circumvent falling fund distributions: Buy bonds directly. There are astonishing bargains on debt of high-grade corporations such as Starbucks and Walmart, whose temporary business problems, such as shorter hours, are surely temporary. Next month, we'll pick our way through the bond desks. We hope it will be a successful shopping trip.

REITs, Utilities and the Crash: The Cash Is Flowing

In this newsletter, we've emphasized that property-owning real estate investment trusts and utility stocks benefit more from acquisitions, development expansion plans and the nation's economic growth than from lower and lower interest rates. Both sectors long ago quit trading like "bond proxies" and presenting themselves that way to the public. The conundrum is that this works both ways. So, what's our reaction to the surprisingly huge losses in these core income-and-growth sectors?

We aren't shocked that both categories got sucked into the stock market crash, despite their minimal weighting in Standard & Poor's 500-stock index. Utilities account for only 3.5% of the index; real estate, 3.1%. (Tech is tops at 25%, and health is next at 14%). Volume in Vanguard's flagship S&P 500 ETF index fund (VOO) is eight times what it was before the first coronavirus-related down day in February. Utes and REITs aren't as liquid as mega-cap stocks. Thus, says John Bartlett, president of Reaves Asset Management, which manages utility ETFs and closed-end funds: "When there's mass selling and as markets accelerate downward, all correlations go to one." Over one year, UTES, Reaves's utility ETF, has a 54% correlation with Vanguard's S&P 500 index fund. The Vanguard real estate ETF, VNQ, has a 50% correlation to the S&P 500. That means that when the S&P 500 falls, REITs and utilities are supposed to lose half as much. But on March 16, when the S&P dropped 5%, the Bloomberg Barclays REIT index choked 12%.

So, is this the death of investing in real estate and water and power? No, it isn't, though it's difficult to see a path forward when the share price of a longtime ace such as Welltower, a senior housing developer, falls from $90 to $50. Multistate utility Exelon dropped from $51 to $36. It is frightening to watch the markets refuse to give any kind of a pass to such proven and well-run companies. But we're not going to blame the victims here. This is a trading panic, not a business issue.

To start with, dividends come from cash flow, and while that will shrink here and there for what could be couple of quarters, let's get real. Are Amazon and Federal Express going to break or default on the leases they've signed for Duke Realty's and Prologis's giant warehouses? Will CVS and Walgreens close all the stores where they've inked triple-net leases? Will biotech companies that rent labs from Alexandria Real Estate fail? REIT prices seem irrationally trapped by daisy-chain fears that employers will decide everyone can work at home forevermore and that nobody will ever go to a cinema or a shopping center again. And as for apartments and single-family rental homes, until and unless unemployment soars, the sharp selloff there is inexplicable. Housing has been the strongest REIT sector this year, outside of cell-phone towers and data centers.

The electric generation and distribution business is in fine shape. It is already (and will further) benefit from ever-cheaper supplies of natural gas and falling costs to produce wind and solar. Lower borrowing costs help utilities expand, upgrade and restructure. Utility share prices did set records, so a correction isn't a disaster. There is no reason to expect cuts to common dividends—or trouble with preferred dividends. Shares of utility preferreds, including issues by Alabama Power, Duke Energy and Southern California Edison, have eased from $26 and $27 to $24 or $25, but those small changes will not affect their 4% to 6% coupons. For yield hunters, REITs and utilities could still be a safe harbor as well as a garden-variety trading-range opportunity. For unless all the lights go out, all the trucks remain in park and all the warehouses lock up, we cannot object to holding income securities from well-run enterprises with prime assets.

Timely Tactic of the Month

When colleges and universities started moving classes online and telling students to go home or stay home, traders dumped shares of **American Campus Communities (ACC, $37.83, yield 5.0%, year-to-date-return -18.5%)**, a real estate investment trust that owns and manages student residences. Then it dawned on analysts (and us) that home might not be with Mom. Students and parents still had yearlong leases on ACC's elegant digs that they might be reluctant to break. And students could attend online classes in comfort and prepare their own meals without leaving the university. This unique REIT has a net asset value of $53 a share, so crack the books to cram about a security that's available at a dramatic discount and substantial yield.

Kiplinger's 25 for Income

Although the astounding Friday the (March) 13th rally didn't last, it cut losses across the 25. Still, there's bloody red galore. The average price drop for the month among the 25 was a brutal 18.7%. Our solace is that the crash hasn't yet, and probably won't, force many of our listings to ax dividends. So posted yields such as 10.3% on Magellan Midstream and 6.0% on AT&T should attract inflows now that cash is destined to pay near zero. We've been inundated with inquiries about Annaly, which after reaching its highest price in two years crashed 34% to $6.90. Annaly held an emergency investor call to soothe fears, and lower short-term rates should help restore its net interest margin. We're delisting CenterPoint Energy; its combination of gas production and utility operations isn't working. Its successor is American Water (AWK), whose low current yield has kept it off this list before, but whose strong dividend growth record and distance from energy are big draws now. Oh, and by the way, Digital Realty rose 8.9%, presumably because if the whole world works remotely, its data centers and server farms will become more valuable than you-know-what.

Utility stocks		**Price**	**Yield**	**Frequency**
American Electric Power (AEP)	Traditional electric company serving 11 eastern and southern states	$86.47	3.2%	quarterly
AT&T (T)	Wireless-service giant that grew out of the former SBC	33.47	6.0	quarterly
American Water (AWK)	Largest investor-owned water utility, serving 16 states	128.29	1.6	quarterly
National Grid (NGG)	British national gas and electric utility that also operates in New York and New England	55.69	5.5	semiannually
High-yielding open-end bond funds				
Dodge & Cox Global Bond (DODLX)	A mix of domestic and foreign corporate bonds, mostly denominated in U.S. dollars	$10.47	3.6%	monthly
DoubleLine Total Return (DLTNX)	Income fund that makes the most of mortgage securities	10.80	3.1	monthly
Fidelity Capital & Income (FAGIX)	Creative and aggressive junk bond fund	8.79	4.3	monthly
Fidelity New Markets Income (FNMIX)	Impressive emerging-markets bond fund	13.65	4.9	monthly
Hotchkis & Wiley High Yield (HWHAX)	Excellent high-yield fund that concentrates on small companies	10.18	4.4	monthly
Loomis Sayles Bond (LSBRX)	Go-anywhere investment-grade bond fund	12.58	4.1	monthly
Closed-end mutual funds and ETFs				
AllianceBernstein Global High Income (AWF)	High-yield corporate bonds and government bonds from emerging markets	$10.05	7.8%	monthly
BNY Mellon Municipal Bond Infrastructure (DMB)	*A leveraged closed-end fund that likes transportation and hospital bonds*	*12.30*	*5.2*	*monthly*
Eaton Vance Floating-Rate Income Trust (EFT)	One of the oldest floating-rate loan funds, with the same manager since launch in 2004	11.35	8.7	monthly
iShares U.S. Preferred ETF (PFF)	This exchange-traded index fund spreads your money in more than 300 preferred stocks	33.48	5.7	monthly
Nuveen Municipal Value (NUV)	*This non-leveraged closed-end is an alternative to the Dreyfus Infrastructure fund*	*9.75*	*3.8*	*monthly*
Pimco Corporate & Income Strategy (PCN)	An unusual mixture of high-yield corporate, muni and foreign bonds	14.78	8.5	monthly
Real estate investment trusts				
Annaly Capital Management (NLY)	Borrows cheaply to reinvest in government-guaranteed mortgage securities	$6.90	14.5%	quarterly
Digital Realty Trust (DLR)	Developer and operator of data centers in the U.S., Canada, Europe and Asia	143.34	3.1	quarterly
Realty Income (O)	Landlord to chain stores and restaurants, also known for 596 straight monthly dividends	71.92	5.0	monthly
Welltower (WELL)	Develops and owns assisted-living facilities, hospitals and medical labs	51.28	6.8	quarterly
Energy investments and partnerships				
Brookfield Infrastructure Partners (BIP)*	Owns toll highways, ports and transmission lines	$41.12	5.2%	quarterly
Cedar Fair (FUN)*	Partnership that owns theme parks coast to coast	26.58	14.1	quarterly
Magellan Midstream Partners (MMP)*	One of the largest pipeline carriers of gasoline, diesel and chemicals	40.08	10.3	quarterly
Suburban Propane Partners (SPH)*	Propane distributor yields about four percentage points more than junk bonds	15.29	15.7	quarterly
Valero Energy (VLO)	World's largest independent refiner, known for large dividend increases	49.90	7.9	quarterly

Funds in italics pay tax-exempt income. Investments with an asterisk (*) are partnerships. Prices and yields as of March 13, 2020. SOURCES: Fund companies, Morningstar Inc., Yahoo.

Ask Jeff

Readers are invited to send questions about income investments to jkosnett@kiplinger.com. I'll answer you personally if there's no space here for a published reply.

Dear Jeff:
I'm 78 with sizable positions in PFF, the iShares preferred stock ETF, and UTG, Reaves Utility Income Fund. I'm thinking about adding UTF, Cohen & Steers Infrastructure Fund. Are these safe during this turmoil?
Joseph

Dear Joseph:
Nothing is ironclad, and PFF has been pounded because of intense selling of preferreds in troubled industries such as banking, energy and retail. Plunging interest rates hurt banks' profit margins, and energy and retail are in obvious distress. But PFF's income distribution is safe (for a while) because accumulated cash flows cover the next several payments. The utility and infrastructure CEFs got knocked from a premium to a wide discount in March, so fund shares lost more value than what's inside. I think this went too far. At 30% below net asset value, $16.59, at the close on March 16, UTF offers the rare chance to pay 70 cents on the dollar for a collection of household-name dividend-paying REITs and utilities. What more damage is likely? Remember that closed-end fund managers have no direct control over these discounts and premiums. Sentiment, which includes sheer panic, is in charge.

Dear Jeff:
I am surprised that my 7.875% Annaly Capital Management and 7.875% Compass Diversified Income preferreds have taken a big price hit despite the plunge in interest rates. What's wrong here?
Craig

Dear Craig:
The severity of the losses—around 30%—is a shock to me because neither Annaly nor Compass (nor any preferred issuer) can pay any common dividends if they interrupt the payments on their preferreds. And at the reduced prices, the current yields are zooming. Buyers will someday emerge. I would also assign blame to some business issues. Annaly's book value and net interest margin are battling widening spreads to Treasury yields and declining market values of its fixed-rate mortgage securities. Compass had a fabulous 2019, but it is fighting fresh fear that earnings from its consumer brands will vanish in a forced national quarantine or a recession. Also, CODI just bought a supplier of baseball bats for major league and professional players, which is untimely. As you know, many fine funds and trusts with ample cash flow and expert management have been plundered in this crash. Signs of restored growth, not interest-rate games, are necessary to fix the damage.

Dear Jeff:
I invested in midstream MLPs such as Magellan Midstream and Enterprise Products because they have long-term contracts to provide transport and storage vehicles and therefore should be sheltered from crashing oil and natural gas prices. Instead, I still have enormous losses. Is there any reason to ride this out?
Ken

Dear Ken:
I would normally say yes because the economy still needs gasoline and ethane and other refined products. But a host of problems are grasping at these energy "toll roads." Magellan's market value is more tied to future construction that implies volume growth than it used to be; Enterprise says it is on a mission to conserve cash, which could mean frozen or reduced cash distributions. Both MLPs are in every energy index fund, too, so when passive investors decide to escape Shell, Exxon and Schlumberger, well, there go these names as well. These bear close watching and are sure to be unpredictable from day to day and week to week.

Dear Jeff:
If, say, I hunkered down in three bond funds—PONAX, PUCZX and LALDX—what would you say?
Paul

Dear Paul:
I'd offer you my job. Those would be Pimco Income, PGIM Strategic Bond and Lord Abbett Short Duration. Combined in equal doses, you'd get about a 4% yield, a short duration (which is key if interest rates beyond three years somehow spring up), and expert active management. PGIM has some non-investment-grade debt, so if that scares you off, try FPA New Income (FPNIX) in its stead.

What's New in Cash

About that extreme volatility... "The machines are in charge," says Key Private Bank chief investment officer George Mateyo, and he is understating the case. Transactions triggered by algorithmic, hedge-fund and super-speed mechanical trading is why big up days and worse down days are literally alternating without letup. The results are indiscriminate buying and selling of sectors and indexes. And it is a more powerful dynamic than ascribing the cause to flesh-and-blood investors. Our stream of analysts' comments overflows with disclaimers that these gyrations do not correlate with their earnest judgments of what 100-year-old enterprises should be worth if earnings go into septic shock for one or two quarters. You cannot trade in and out during a crisis. If you sell a mutual fund during a massive one-day rally, following the usually wise "sell into strength" bear market strategy, you'll get whipsawed because fund trades settle at the following day's closing price. If this is too much for you—and we understand—take your lumps and step back from the battlefield.

The Fed won't go below zero, but beware of rising longer-term rates. The Federal Reserve's restoration of the "zero lower bound" monetary policy of 2008-15 is intended to ensure that banks and businesses have enough cash for overnight lending and regular operations. The near-zero rates paid to savers is a secondary concern. A potentially more worrisome issue is that weak borrowers, which include junk-rated companies and governments of countries on lockdown, will have to pay much more to borrow. If you don't like earning a measly 0.25% in a money fund, don't look to emerging markets or a European fund for higher yield.

Bank-loan-fund misery. Similarly, fear that borrowers such as Sprint, Dell or the company that owns Burger King and Tim Hortons may miss payments if commerce and travel are interrupted for longer rather than only a few weeks is roiling the heretofore reliable bank-loan-fund market. The S&P index of U.S. leveraged loans is down 12% this year (nearly all in March), reversing last year's 10% rise. BKLN, the top ETF in the category, is trading at twice its usual volume in the past three weeks—and most of that is out the door. We'll revisit Juiced-Up Cash next month, and then consider shelving loans for a while.

Flashback

Kiplinger's Investing for Income has an educational mission along with market judgments and investment ideas. Our discussion of "taking a knee" in March 2019 exemplifies this. So does our August 2018 lead article, which ran at the start of the previous market downturn, and was titled "When (and Why) to Sell Anything." We're slow to yell "sell" when sound, proven, high-quality investments get slammed. These are usually assets you want to own when the cycle turns, and meanwhile, you still get the interest and dividends. Realty Income, for example, is not a doddering giant just because its share price sank $20 in the March crash. It has the same properties, management, and successful business model. But there are times to push the sell key, so here's a reprise of August 2018:

Your portfolio is out of balance. We recommend you get half your income from interest (bonds, banks, loans, preferreds) and half from dividends and rents and pass-throughs. When stock indexes peaked in February, you might have already become overweighted on the dividend/business side. Now, you may be underweighted. Or the plunge in interest rates could leave you with inadequate guaranteed interest income. Once the extremes in volatility subside, try to restore a balance.

The DNA of an investment changes. Some companies and fund managers will act rashly in a few weeks or months, either getting too cautious or, we suspect, trying to call bottoms and trading windows. We've seen numerous disasters where steady, dividend-oriented companies lose their nerve or get greedy with debt and acquisitions. Also watch if any of your holdings try to make back losses by entering unfamiliar businesses; that strategy is onerous. The times when Coca-Cola could make money buying and selling a movie studio are long gone.

There's a dividend or distribution cut. Fingers are crossed, but we think established companies will avoid this if possible, even if earnings go missing for a quarter or two. Or, they'll pledge that if they must skip or slash a dividend because revenue tanks, they'll try to restore it. Banks and airlines and other corporations are retreating from stock buybacks, which are pointless or destructive anyway much of the time. So stand by your dividend growers and aristocrats and, especially, utilities and real estate investment trusts. Forbearance and patience will help with the recovery.

Model Portfolio: Dividend-a-Month

Dividends are cash you can count on and are often seen as an antidote to bear markets. But now we know that dividends aren't all-powerful enough to repel once-in-a-lifetime selling mayhem.

Until the indexes crashed in late February as the coronavirus spread and oil prices cratered, many of our 12 components were riding high. Between November 15, 2019, and mid-February, Automatic Data Processing, American Electric Power and Realty Income set all-time highs. Valero Energy went over $100 for the second time in its history. WisdomTree MidCap peaked.

And then the music died.

The share prices here are all over the lot compared with November, though they are all down. How far down depends largely on each selection's line of business.

Johnson & Johnson is down $1, and American Electric Power is down just $4. Intel also stayed mostly level.

Realty Income is deceptive because it closed at $72 on March 13, down only from $77 in November. But Realty's immediate future is scary because restaurant, gym and theater closings will limit the variable payments embedded in its typical leases. Key tenants such as 7-Eleven, AMC and LA Fitness will pay the base rent, but will their customers return once they can? And, in the future, will in-person retail and entertainment businesses stagnate or contract rather than grow rapidly?

The biggest loser is Valero, which started this cycle at $101 and is now $50. Its dividend is now 7.9% and should be safe because refining and fuel distribution is essential, if only to keep Amazon, Walmart and grocery delivery trucks rolling.

Valero also has a commanding position in its industry—a common theme among these selections—so we won't banish it from the schedule. But there's a good reason Dividend-a-Month spans a wide variety of sectors.

Numbers, if you insist: The equal-weighted price change from November 15 through March 13 works to a drop of 17%, tied with the Dow Jones industrial average but worse than the 13.1% fall in Standard & Poor's 500-stock index. (Those do not include dividends).

And, speaking of payouts, there is good news: During this interval, five of the 11 individual companies raised their dividend rates, ranging from 4.5% for AEP to 8.8% for McCormick and 9% for Valero. These raises and lower share prices combined to boost the list's overall current yield to 3.5% from 2.7%.

January	February	March	April
Illinois Tool Works ITW, $156, yield 2.7% 5-yr dividend growth rate of 18.1%	**Valero Energy** VLO, $44, yield 8.9% 5-yr dividend growth rate of 26.2%	**Intel** INTC, $58, yield 2.4% 5-yr dividend growth rate of 6.9%	**McCormick** MKC, $135, yield 1.8% 5-yr dividend growth rate of 9.1%
May	**June**	**July**	**August**
CVS Health CVS, $59, yield: 3.4% 5-yr dividend growth rate: 11.7%	**WisdomTree MidCap** DON, $27, yield 3.8% 5-yr dividend growth rate N/A	**JPMorgan Chase** JPM, $104, yield 3.5% 5-yr dividend growth rate of 16.9%	**Realty Income** O, $72, yield 3.8% 5-yr dividend growth rate of 4.4%
September	**October**	**November**	**December**
Johnson & Johnson JNJ, $134, yield 2.8% 5-yr dividend growth rate of 6.3%	**Automatic Data Processing** ADP, $145, yield 2.5% 5-yr dividend growth rate of 12.1%	**General Dynamics** GD, $140, yield 3.1% 5-yr dividend growth rate of 10.5%	**American Electric Power** AEP, $86, yield 3.3% 5-yr dividend growth rate of 5.9%