

# D E A R B O R N

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## P A R T N E R S

On March 17, 2020, after only two months, Realty Income Corporation (O) announced an increase in the Company's common stock monthly cash dividend per share to \$0.233 (\$2.796 annually) to be paid April 15, 2020 to shareholders of record as of April 1, 2020. This newly declared dividend is up 0.2% from the \$0.2325 (\$2.79 annually) paid two months ago, and up 3.1% from \$0.226 (\$2.712 annually) paid in March 2019.

From the press release: "We remain committed to our company's mission of paying dependable monthly dividends to our shareholders that increase over time," said Sumit Roy, President and Chief Executive Officer of Realty Income. "Our Board of Directors has once again determined that we are able to increase the amount of the monthly dividend to our shareholders, marking the 106<sup>th</sup> increase since our company's public listing in 1994. With the payment of the January dividend, we will have made 597 consecutive monthly dividend payments throughout our 51-year operating history."

Realty Income, The Monthly Dividend Company®, is an S&P 500 company dedicated to providing stockholders with dependable monthly income. The company is structured as a REIT, and its monthly dividends are supported by the cash flow from over 6,400 real estate properties owned under long-term lease agreements with commercial tenants. To date, the company has declared 598 consecutive common stock monthly dividends throughout its 51-year operating history and increased the dividend 106 times since Realty Income's public listing in 1994

Realty Income is a real estate investment trust (REIT), which Standard & Poor's considers as part of the Real Estate sector. The shares are in both of our Dearborn Partners Rising Dividend separately managed account (SMA) portfolios. So far this year, 16 of the 49 companies in our Core Rising Dividend SMA portfolio have announced 17 dividend increases averaging about 9.1% more than these particular companies paid a year earlier. In our High & Rising Dividend SMA portfolio, 11 of the 25 companies have announced 12 dividend increases averaging about 6.9% more than these particular companies paid a year earlier. So far this year, no companies in these portfolios have reduced or omitted their dividends.

### **A Comment about Current Events**

On Monday March 16, the S&P 500 benchmark index dropped 10%, Tuesday March 17, 2020, the benchmark rose 6%. As I write this message futures are indicating that the benchmark is likely to open down about 4%. Unprecedented uncertainty abounds as the effects on global economies and corporate earnings of widespread social distancing persists for unknown duration until the novel coronavirus is contained. Coming after the longest bull market and economic expansion in the U.S. on record and without a 20% pullback in more than a decade, this correction and volatility may take a while to calm down and sort out.

Trading activity is exacerbated by the popularity of "passive investing" in index or exchange traded funds (ETFs). If nervous investors demand redemptions, then the ETF managers must sell every stock in the fund to raise the money to meet the redemptions. Likewise, those who "buy the dips" create similar problems on the upside. As ever more renditions of ETFs proliferated over the past several years, some market experts warned about the ramifications of "everyone trying to bail out at once." During the complacent, strong up markets of the past several years, few people heeded the caution. Now we are witnessing the effects firsthand day by day.

The good news about our Dearborn Partners Rising Dividend portfolios is that we can patiently sit and hold on to the stocks of what we believe are financially solid companies that are not only paying us dividends but also raising their dividends, as Realty Income has just announced. This is Realty Income's second dividend increase announcement so far this year; a year that is only two and one-half months old.

A dividend is a commitment to be paid in perpetuity. We believe that companies telegraph their strength and growth potential by way of their commitment to paying and increasing their dividends. It is our hope that owning portfolios consisting of companies that demonstrate their high quality by increasing their dividends will help give you the courage to get in the market and stay in the market throughout all the swings, wild as they may be for as long as they may persist. The long-term trend of stocks of good quality companies has been up and we believe that over time this long-term upward trend will continue. In the meantime, your Dearborn Partners Rising Dividend Investment Team promises to scrutinize the dividend security and growth potential of every company in these portfolios and continue to send you "good news notifications" when the companies announce dividend increases. Together we will get through this crisis and uncertainty and come out stronger on the other end.

Thank you for your continued interest in our Dearborn Partners Rising Dividend Strategy.

*This dividend increase announcement is not a complete description of, nor a recommendation to invest in, any investment strategy (the "Strategy") mentioned herein. It is for informational purposes only and does not constitute an offer to sell nor a solicitation to buy, is not a recommendation regarding any securities transaction, nor is it an offer to provide advisory or other services by Dearborn Partners, L.L.C. The information contained in this writing should not be construed as financial or investment advice on any subject matter. Past performance is no guarantee of future results. There is no assurance the Strategy will be profitable, achieve its objectives, be suitable for you, or not incur losses. Some of the information herein has been obtained from third party sources. We believe such information is reliable but we have not in each case verified its accuracy or completeness. Any opinions herein are as of the date of this report and are subject to change without notice. Dividends are not guaranteed and must be authorized by the company's board of directors. There is no assurance that any Rising Dividend portfolio company will increase its dividend, or not reduce its dividend, or not have a significant decrease in its stock price. Dividend yield is one component of performance and should not be the only consideration for investment. Dearborn Partners L.L.C. is an investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. For a complete list of all Core Rising Dividend holdings that in the past year - increased their dividends, had no dividend increases, or had a dividend decrease, please contact Katie Wolford at [kwolford@dearbornpartners.com](mailto:kwolford@dearbornpartners.com). It should not be assumed that portfolio trades made in the future will be profitable, or will increase their dividends, or will equal the performance of the securities in this announcement.*