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Another Double-Digit Dearborn Partners Core Rising and High & Rising Dividend SMA Portfolio Increase: Watsco, Inc.

On October 20, 2022, Watsco, Inc., after only three quarters, announced a dividend increase to be reflected in the Company's quarterly dividend payment beginning in January 2023. The quarterly dividend just declared of \$2.45 per share (\$9.80 annualized) is an 11.4% increase from the \$2.20 paid the last three quarters but is a 25.6% increase from the \$1.95 (\$7.80 annualized) paid a year earlier.

From the press release: Albert H. Nahmad, Watsco's Chairman & CEO stated: "We are pleased to increase dividends to shareholders, reflecting the strength of our 2022 performance and our confidence in the prospects of our business, which is fundamentally supported by our strong balance sheet." Watsco has paid dividends to shareholders for 48 consecutive years. The Company's philosophy is to share increasing amounts of cash flow through higher dividends while maintaining a conservative balance sheet with continued capacity to build its distribution network. Future changes in dividends are considered in light of investment opportunities, cash flow, general economic conditions and Watsco's overall financial condition.

Watsco is the largest distribution network for heating, air conditioning and refrigeration (HVAC/R) products with locations in the United States, Canada, Mexico, and Puerto Rico, and on an export basis to Latin America and the Caribbean. Watsco estimates that over 350,000 contractors and technicians visit or call one of its 675 locations each year to get information, obtain technical support and buy products. Watsco has the opportunity to be a significant and important contributor toward climate change as its business plays an important role in the drive to lower CO_{2e} emissions. According to the Department of Energy, heating and air conditioning accounts for roughly half of U.S. household energy consumption. As such, replacing HVAC systems at higher efficiency levels is one of the most meaningful steps homeowners can take to reduce electricity consumption and carbon footprint over time. The overwhelming majority of new HVAC systems sold by Watsco replace systems that likely operate well below current minimum efficiency standards in the U.S. As consumers replace HVAC systems with new, higher-efficiency systems, homeowners will consume less energy, save costs, and reduce the carbon footprint over time. Based on estimates validated by independent sources, Watsco averted an estimated 14.2 million metric tons of CO_{2e} emissions from January 1, 2020 to September 30, 2022 through the sale of replacement HVAC systems at higher-efficiency standards (an equivalent of removing 3.1 million gas powered vehicles off the road for a year).

Watsco, Inc. is in the Industrials sector of both of our Dearborn Partners Rising Dividend separately managed account (SMA) portfolios. So far this year, 34 of 49 companies in our Core Rising Dividend portfolio have announced 37 dividend increases averaging about 12.5% more than these companies paid a year earlier. In our High & Rising Dividend Portfolio, 18 of 25 companies have announced 21 dividend increases averaging about 8.5% more than these companies paid a year earlier. No companies in these portfolios have reduced or suspended dividends so far this year.

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

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