

Phil Oakley's Checklist for Dividend Investing



<i>Rule</i>	<i>Reason</i>	<i>Range</i>
Yield	Don't just pick high-yielding companies. Lower yields with high dividend growth can mean more income in the long run.	Minimum 2.5% yield
Forecast growth	Ensure next year's dividend is going to be higher.	Minimum 5% growth
Dividend growth history	Companies with a history of increasing dividends have proved their pedigree through multiple economic and business cycles.	Minimum 10 years uninterrupted growth
Interest payments well covered	Protect yourself against dividend cuts by choosing companies which should be able to meet their debt interest payments even if profits dip.	Interest cover of at least 3 times
Dividends well covered	Ditto interest cover above. Check that dividend cover isn't trending downwards.	Dividend cover and forecast dividend cover of at least 1.5 times
Understand what you are buying	Is this a strong business with predictable revenues? You are not buying numbers on a screen but a slice of a real company.	

Read more from Phil at www.sharepad.co.uk/philOakley