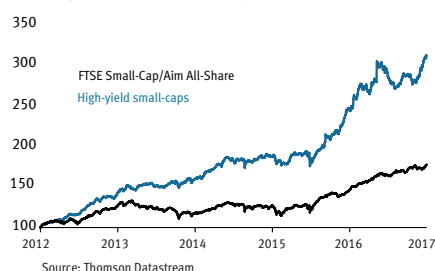




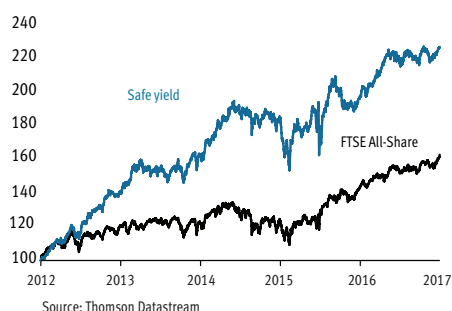
AlphaScreens: Finding dividend diamonds

Dividends are an important source of returns and also a useful valuation measure that can be used to identify shares with the potential for capital growth. But it's important to screen out potential value traps when using yield as a guide

High-yield small-caps



Safe yields (large-caps)



Algy Hall's view:

Investors neglect dividends at their peril. Over the 25 years to the end of 2017, the average annual return from the FTSE All-Share based on share price alone stood at 5.5 per cent, compared with a 9.2 per cent total return once dividends are factored in. And the benefit of reinvesting dividends over the long term makes the difference even more pronounced, with the 25-year cumulative total return from the FTSE All-Share standing at 727 per cent, compared with 310 per cent ignoring dividends. As well as providing income, a good yield can suggest a company has attractive qualities that could support share price performance, and a robust dividend record can indicate a company in good financial health with a strong and stable business.

■ In a timely reminder screens are just a starting point for further research, at the time of writing, shares in gaming software manufacturer **Playtech (PTEC)** are falling through the floor. Taking last close price data, from Friday June 29, PTEC passed all our FTSE All-Share dividend screen tests but thanks to the profit warning on Monday 2 July, this will no longer be the case.

■ Our screening of the FTSE All Small Companies Index, didn't result in any company passing all eight tests. Twelve companies passed seven out of eight, with the failed tests providing a useful insight into what to look out for next. Of the 12, five failed our earnings growth forecast test, three failed on past compound earnings growth, three failed the dividend cover test and one failed on dividend growth.

■ In the Aim screen, four companies pass 8/8 tests. These still include **MTI Wireless Edge (MWE)** and **Property Franchise Group (TPFG)**. The two new Aim stocks which meet all our criteria are concrete levelling specialist **Some-ro Enterprises (SOM)** and voucher and gift card innovator **Park Group (PKG)**.

Analyst: Algy Hall
algy.hall@ft.com

Alpha Production Editor: Sameera Hai Baig

Large-cap dividend diamonds criteria

Our large-cap screen is tilted towards companies that show signs of having stable prospects associated with dividend staying power. To help assess this, we use a measure of historic share price volatility against the wider market called beta. Betas of below one indicate that a stock has been less sensitive to market movements and suggest it could boast some defensive qualities. The large-cap Alpha dividend yield screen is conducted on all FTSE All-Share stocks using the following criteria:

- A dividend yield higher than the median (mid-rank) average of all dividend-paying shares screened.
- Dividend covered at least twice by earnings.
- Earnings growth forecast in each of the next two financial years (ie dividend cover is not expected to dramatically fall).
- Operating cash conversion of 100 per cent or more (ie earnings are being tuned into cash with which to pay dividends).
- Interest payments covered at least five times by operating profits (ie interest payments on borrowings are not likely be a significant threat to maintaining dividend cover).
- Return on equity of 12.5 per cent or more (i.e. an indicator that the business may be of decent quality [if the interest cover test is also met, it suggests high returns on equity are not overly dependent on high debt levels]).
- A beta of 0.75 or lower.
- No dividend cut in the past three years.

Not many stocks pass such a stringent list of criteria. The ones that pass all the tests are listed at the top of the table, followed by those failing one test, then those failing two tests as detailed in the ‘Tests passed’ column. All stocks must pass the dividend yield test to feature in the table that follows. Special dividends are included in the yield calculation used by the screen, and where a special dividend has been paid, it is highlighted in the table’s ‘Special dividend’ column. While the primary ranking of the stocks is based on the number of tests they pass, inside each of these groupings, stocks are ordered according to their attractiveness based on a combination of dividend yield and dividend cover.

Small-cap dividend diamonds criteria

The small-cap Alpha dividend yield screen is more growth-focused than our large-cap screen, and is conducted separately on the FTSE All-Small and FTSE Aim All-Share indices, with the results presented in two separate tables. While the screen's dividend yield test is more aggressive than the one used by our large-cap screen, the lower average yields from small-caps mean little difference in the absolute level of yield both screens require. The screen uses the following criteria:

- A dividend yield among the top third of all dividend-paying shares screened.
- Dividend covered at least one-and-a-half times by earnings.
- Earnings growth forecast in each of the next two financial years and average growth of 5 per cent or more (ie rising earnings to support dividend growth and maintain or improve dividend cover).
- Positive free cash flow (ie a weak test that earnings are turned into cash with which to pay dividends).
- Interest payments covered at least five times by operating profits (ie interest payments on borrowings are not likely to be a significant threat to maintaining dividend cover).
- A three-year compound annual dividend growth rate of 5 per cent or more.
- A three-year compound annual earnings growth rate of 5 per cent or more.
- A market capitalisation of more than £10m (ie not severely illiquid).

Not many stocks pass such a stringent list of criteria. The ones that pass all the tests are listed at the top of the table that follows, followed by those failing one test, then those failing two tests as detailed in the 'Tests passed' column. All stocks must pass the dividend yield test to feature in the table. Special dividends are included in the yield calculation used by the screen, and where a special dividend has been paid this highlighted in the table's 'Special dividend' column. While the primary ranking of the stocks is based on the number of tests they pass, inside each of these groupings, stocks are ordered according to their attractiveness based on a combination of dividend yield and dividend cover.

Large-cap dividend diamonds selection (passing at least 6 out of 8 tests)

| Name | TIDM | Market cap | Fwd NTM Price | PE | Dividend yield | FY EPS gr+1 | FY EPS gr+2 | 3-month momentum | Net Cash/ Debt(-) | Currency | Test Failed | Special dividend | Tests passed (out of 8) |
|--------------------------------|----------|------------|---------------|----|----------------|-------------|-------------|------------------|-------------------|----------|--------------------|------------------|-------------------------|
| Playtech | LSE:PTEC | £2,370m | 753p | 11 | 4.2% | 15.5% | 16.7% | -24.9% | 107m | EUR | na | NO | 8 |
| PageGroup | LSE:PAGE | £1,764m | 564p | 18 | 4.5% | 17.7% | 7.5% | 5.6% | 96m | GBP | na | YES | 8 |
| RPC Group | LSE:RPC | £3,024m | 748p | 10 | 3.7% | 6.6% | 5.2% | -4.9% | -1,156m | GBP | na | NO | 8 |
| Costain Group | LSE:COST | £468m | 440p | 12 | 3.2% | 6.9% | 6.5% | -4.8% | 178m | GBP | na | NO | 8 |
| Taylor Wimpey | LSE:TW | £5,838m | 179p | 8 | 8.5% | 6.2% | 3.7% | -4.3% | 512m | GBP | /CashConv/ | YES | 7 |
| Barratt Developments | LSE:BDEV | £5,213m | 515p | 8 | 8.3% | 5.4% | 5.1% | -4.8% | 166m | GBP | /CashConv/ | YES | 7 |
| Sirius Real Estate | LSE:SRE | £619m | 62p | 8 | 4.5% | 133.1% | -25.1% | 1.9% | -288m | EUR | /EPSGrth/ | NO | 7 |
| Chesnara | LSE:CSN | £542m | 362p | 15 | 5.5% | -53.4% | -21.6% | -6.7% | 58m | GBP | /EPSGrth/ | NO | 7 |
| Redrow | LSE:RDW | £1,922m | 533p | 7 | 4.1% | 14.7% | 8.1% | -10.0% | -35m | GBP | /CashConv/ | NO | 7 |
| Tritax Big Box REIT | LSE:BBOX | £2,297m | 156p | 22 | 4.3% | 12.3% | 5.0% | 7.2% | -631m | GBP | /CashConv/ | NO | 7 |
| Bellway | LSE:BWY | £3,690m | 3,004p | 7 | 4.1% | 13.9% | 5.5% | -2.8% | -131m | GBP | /CashConv/ | NO | 7 |
| Legal & General Group | LSE:LGEN | £15,789m | 266p | 10 | 5.8% | 20.2% | 3.6% | 1.3% | 14,922m | GBP | /Beta | NO | 7 |
| Headlam Group | LSE:HEAD | £411m | 488p | 11 | 5.1% | 2.7% | 4.5% | 10.4% | 35m | GBP | /DivCov/ | NO | 7 |
| Morgan Sindall Group | LSE:MGNS | £635m | 1,438p | 10 | 3.1% | 20.1% | 0.7% | 20.2% | 193m | GBP | /CashConv/ | NO | 7 |
| Big Yellow Group | LSE:BYG | £1,502m | 954p | 23 | 3.3% | 9.0% | 6.7% | 10.4% | -345m | GBP | /CashConv/ | NO | 7 |
| Meggitt | LSE:MGIT | £3,810m | 493p | 15 | 3.2% | -7.3% | 8.6% | 19.0% | -964m | GBP | /EPSGrth/ | NO | 7 |
| Inchcape | LSE:INCH | £3,236m | 781p | 12 | 3.4% | -2.8% | 3.4% | 11.6% | -344m | GBP | /EPSGrth/ | NO | 7 |
| Tarsus Group | LSE:TRS | £322m | 285p | 17 | 3.5% | -38.7% | 69.5% | -5.0% | -86m | GBP | /EPSGrth/ | NO | 7 |
| Babcock International Group | LSE:BAB | £4,126m | 818p | 10 | 3.6% | 2.4% | 3.6% | 20.8% | -1,238m | GBP | /RoE/ | NO | 7 |
| The Rank Group | LSE:RNK | £748m | 191p | 12 | 3.8% | -5.7% | 5.1% | -7.4% | 4m | GBP | /EPSGrth/ | NO | 7 |
| Carnival | LSE:CCL | £30,874m | 4,347p | 13 | 3.5% | 10.8% | 14.2% | -6.4% | -8,826m | USD | /RoE/ | YES | 7 |
| Telecom Plus | LSE:TEP | £879m | 1,126p | 19 | 4.4% | 10.0% | 14.2% | -8.5% | -11m | GBP | /DivCov/ | NO | 7 |
| Centamin | LSE:CEY | £1,373m | 119p | 14 | 8.0% | 17.2% | 10.9% | -23.1% | 396m | USD | /DivGrth/Beta | NO | 6 |
| British American Tobacco | LSE:BATS | £87,611m | 3,830p | 13 | 5.1% | 3.4% | 9.1% | -8.1% | -46,094m | GBP | /DivGrth/CashConv/ | YES | 6 |
| Reach | LSE:RCH | £226m | 77p | 2 | 7.6% | 1.1% | 11.3% | 0.0% | -9m | GBP | /RoE/CashConv/ | NO | 6 |
| Dairy Crest Group | LSE:DCG | £759m | 491p | 14 | 4.6% | -0.5% | 4.2% | -3.0% | -271m | GBP | /EPSGrth/CashConv/ | NO | 6 |
| Derwent London | LSE:DLN | £3,464m | 3,106p | 31 | 4.3% | 7.9% | 10.0% | -0.4% | -666m | GBP | /RoE/CashConv/ | YES | 6 |
| Invesco Perpetual UK Sm Cos IT | LSE:IPU | £168m | 510p | - | 4.1% | - | - | 4.7% | 6m | GBP | /EPSGrth/Beta | NO | 6 |
| Pendragon | LSE:PDG | £344m | 24p | 7 | 6.5% | 1.7% | 12.5% | 6.9% | -124m | GBP | /IntCov/Beta | NO | 6 |
| 3i Infrastructure | LSE:3IN | £1,812m | 224p | 16 | 3.9% | -69.7% | -66.4% | 4.4% | 282m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| De La Rue | LSE:DLAR | £570m | 556p | 13 | 4.5% | 0.1% | 7.0% | 8.0% | -48m | GBP | /DivGrth/RoE/ | NO | 6 |
| LondonMetric Property | LSE:LMP | £1,279m | 185p | 21 | 4.3% | 4.5% | 4.7% | 3.8% | -617m | GBP | /IntCov/CashConv/ | NO | 6 |
| Aberdeen Asian Income Fund | LSE:AAIF | £361m | 199p | - | 4.5% | - | - | -4.4% | -31m | GBP | /EPSGrth/CashConv/ | NO | 6 |
| BlackRock Frontiers Inv. Trust | LSE:BRFI | £287m | 145p | - | 3.6% | - | - | -13.2% | 4m | USD | /EPSGrth/CashConv/ | NO | 6 |
| Murray International Trust | LSE:MYI | £1,461m | 1,140p | - | 4.4% | - | - | -5.3% | -180m | GBP | /EPSGrth/CashConv/ | NO | 6 |
| XPS Pensions Group | LSE:XPS | £372m | 184p | 18 | 4.6% | 14.4% | 13.6% | 2.8% | -46m | GBP | /DivGrth/RoE/ | YES | 6 |
| MedicX Fund | LSE:MXF | £360m | 81p | 21 | 7.4% | 7.4% | 4.6% | 3.8% | -362m | GBP | /IntCov/CashConv/ | NO | 6 |
| Card Factory | LSE:CARD | £673m | 197p | 11 | 12.3% | -2.2% | 4.0% | 4.0% | -161m | GBP | /DivCov/EPSGrth/ | YES | 6 |
| The Go-Ahead Group | LSE:GOG | £682m | 1,588p | 9 | 6.4% | -14.3% | -14.0% | -9.9% | 169m | GBP | /EPSGrth/Beta | NO | 6 |
| Jupiter Fund Management | LSE:JUP | £2,000m | 446p | 13 | 7.3% | -2.4% | 3.8% | -7.4% | 377m | GBP | /EPSGrth/Beta | YES | 6 |
| LSL Property Services | LSE:LSL | £274m | 267p | 11 | 4.2% | -10.9% | 4.4% | 16.1% | -41m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Cineworld Group | LSE:CINE | £3,640m | 266p | 14 | 8.1% | 13.5% | 17.5% | 12.6% | -278m | GBP | /DivCov/Beta | NO | 6 |
| F&C UK Real Estate Investments | LSE:FCRE | £240m | 100p | - | 5.0% | - | - | 0.6% | -93m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Polymetal International | LSE:POLY | £3,032m | 670p | 9 | 5.0% | 8.5% | 27.5% | -8.7% | -1,420m | USD | /DivGrth/Beta | NO | 6 |
| WPP | LSE:WPP | £15,052m | 1,193p | 10 | 5.0% | -2.6% | 3.8% | 4.1% | -4,483m | GBP | /EPSGrth/CashConv/ | NO | 6 |
| Picton Property Income | LSE:PCTN | £490m | 91p | 21 | 3.8% | 3.6% | 3.7% | 9.4% | -181m | GBP | /IntCov/CashConv/ | NO | 6 |
| Communis | LSE:CMS | £112m | 53p | 8 | 5.0% | 7.2% | 6.6% | -14.6% | -24m | GBP | /RoE/Beta | NO | 6 |
| Savills | LSE:SVS | £1,187m | 870p | 12 | 3.5% | -0.2% | 6.0% | -12.2% | 99m | GBP | /EPSGrth/Beta | YES | 6 |
| Keller Group | LSE:KLR | £731m | 1,014p | 10 | 3.4% | -3.3% | 10.2% | 16.8% | -230m | GBP | /EPSGrth/Beta | NO | 6 |
| Antofagasta | LSE:ANTO | £9,760m | 990p | 16 | 3.9% | 7.7% | 11.8% | 4.7% | -456m | USD | /DivGrth/Beta | NO | 6 |
| PayPoint | LSE:PAY | £637m | 935p | 15 | 8.8% | -0.6% | 7.2% | 21.6% | 46m | GBP | /DivCov/EPSGrth/ | YES | 6 |
| Essentra | LSE:ESNT | £1,258m | 480p | 20 | 4.3% | 8.8% | 14.0% | 13.4% | -216m | GBP | /DivGrth/RoE/ | NO | 6 |
| Hastings Group Holdings | LSE:HSTG | £1,674m | 255p | 11 | 4.9% | 9.2% | 9.8% | -3.7% | -251m | GBP | /DivCov/DivGrth/ | NO | 6 |
| Tate & Lyle | LSE:TATE | £3,000m | 647p | 13 | 4.4% | -0.3% | 2.9% | 18.7% | -356m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Pennon Group | LSE:PNN | £3,331m | 794p | 15 | 4.9% | 4.7% | 10.6% | 22.8% | -3,001m | GBP | /DivCov/IntCov/ | NO | 6 |
| S&U | LSE:SUS | £306m | 2,550p | 11 | 4.1% | 19.5% | 13.5% | 2.5% | -105m | GBP | /IntCov/CashConv/ | NO | 6 |
| Halfords Group | LSE:HFD | £684m | 347p | 12 | 5.2% | -0.8% | 8.1% | 6.6% | -88m | GBP | /DivCov/EPSGrth/ | NO | 6 |
| Galliford Try | LSE:GFRD | £966m | 874p | 6 | 11.0% | 2.9% | 0.6% | 3.8% | -86m | GBP | /DivCov/RoE/ | NO | 6 |
| DFS Furniture | LSE:DFS | £435m | 206p | 12 | 5.5% | -9.2% | 14.9% | 12.6% | -166m | GBP | /DivCov/EPSGrth/ | NO | 6 |

Continued on the next page

Large-cap dividend diamonds selection (passing at least 6 out of 8 tests) – continued

| Name | TIDM | Market cap | Price | Fwd NTM PE | Dividend yield | FY EPS gr+1 | FY EPS gr+2 | 3-month momentum | Net cash/debt(–) | Currency | Test failed | Special dividend | Tests passed (out of 8) |
|----------------------------|----------|------------|--------|------------|----------------|-------------|-------------|------------------|------------------|----------|------------------|------------------|-------------------------|
| Esure Group | LSE:ESUR | £911m | 217p | 11 | 5.7% | 8.9% | 11.9% | -0.6% | -77m | GBP | /DivCov/DivGrth/ | NO | 6 |
| Kingfisher | LSE:KGF | £6,313m | 297p | 11 | 3.6% | 7.2% | 13.6% | 1.4% | 86m | GBP | /RoE/CashConv/ | NO | 6 |
| Games Workshop Group | LSE:GAW | £970m | 3,000p | 18 | 4.3% | 94.0% | -24.5% | 30.2% | 29m | GBP | /DivCov/EPSCov/ | YES | 6 |
| Bovis Homes Group | LSE:BVS | £1,539m | 1,146p | 12 | 4.1% | 40.2% | 10.2% | -1.1% | 145m | GBP | /DivCov/RoE/ | NO | 6 |
| National Express Group | LSE:NEX | £2,052m | 402p | 12 | 3.4% | 10.9% | 3.7% | 0.8% | -919m | GBP | /IntCov/RoE/ | NO | 6 |
| Travis Perkins | LSE:TPK | £3,520m | 1,423p | 13 | 3.2% | -0.1% | 6.7% | 13.0% | -342m | GBP | /EPSCov/RoE/ | NO | 6 |
| Brewin Dolphin Holdings | LSE:BRW | £971m | 355p | 16 | 4.2% | 11.3% | 11.2% | 2.7% | 143m | GBP | /DivCov/IntCov/ | NO | 6 |
| Bloomsbury Publishing | LSE:BMV | £176m | 236p | 16 | 3.2% | 3.0% | 12.6% | 36.0% | 25m | GBP | /DivCov/RoE/ | NO | 6 |
| Tyman | LSE:TYMN | £642m | 330p | 12 | 3.4% | 4.9% | 9.5% | 11.4% | -163m | GBP | /DivCov/RoE/ | NO | 6 |
| IMI | LSE:IMI | £3,049m | 1,132p | 16 | 3.5% | 7.1% | 9.0% | 3.7% | -251m | GBP | /DivCov/Beta | NO | 6 |
| Britvic | LSE:BVIC | £2,055m | 779p | 14 | 3.4% | 2.8% | 5.6% | 13.4% | -667m | GBP | /DivCov/Beta | NO | 6 |
| BAE Systems | LSE:BA | £20,640m | 647p | 15 | 3.4% | -0.3% | 7.9% | 10.3% | -875m | GBP | /DivCov/EPSCov/ | NO | 6 |
| Liontrust Asset Management | LSE:LIO | £315m | 640p | 14 | 3.3% | 9.4% | 6.4% | 14.8% | 33m | GBP | /DivCov/IntCov/ | NO | 6 |
| John Menzies | LSE:MNZS | £517m | 627p | 11 | 3.3% | 4.2% | 7.1% | 0.2% | -216m | GBP | /DivCov/RoE/ | NO | 6 |
| Stock Spirits Group | LSE:STCK | £454m | 228p | 15 | 3.1% | 14.4% | 4.5% | -8.4% | -53m | EUR | /DivCov/RoE/ | NO | 6 |
| Persimmon | LSE:PSN | £7,915m | 2,533p | 9 | 9.3% | 8.9% | 2.6% | -1.4% | 1,303m | GBP | /DivCov/DivGrth/ | YES | 6 |

Source: S&P Capital IQ, 2 July 2018

FTSE All-Small dividend diamonds selection (passing at least 6 out of 8 tests)

| Name | TIDM | Market cap | Price | Fwd NTM PE | Dividend yield | FY EPS gr+1 | FY EPS gr+2 | 3-month momentum | Net Cash/ Debt(-) | Currency | Test failed | Special dividend | Tests passed (out of 8) |
|-------------------------------------|----------|------------|-------|------------|----------------|-------------|-------------|------------------|-------------------|----------|----------------------|------------------|-------------------------|
| Centaur Media | LSE:CAU | £69m | 48p | 15 | 6.3% | 0.8% | 12.4% | -5.3% | 4m | GBP | /EPSGrth/ | NO | 7 |
| Reach | LSE:RCH | £226m | 77p | 2 | 7.6% | 1.1% | 11.3% | 0.0% | -9m | GBP | /EPSGrth/ | NO | 7 |
| Sirius Real Estate | LSE:SRE | £619m | 62p | 8 | 4.5% | 133.1% | -25.1% | 1.9% | -288m | EUR | /FwdEPSGrth/ | NO | 7 |
| River and Mercantile Group | LSE:RIV | £216m | 268p | 13 | 8.1% | -11.5% | 8.9% | -18.3% | 22m | GBP | /FwdEPSGrth/ | YES | 7 |
| The Alumasc Group | LSE:ALU | £48m | 135p | 8 | 5.3% | -17.8% | 7.1% | 8.8% | 2m | GBP | /FwdEPSGrth/ | NO | 7 |
| Photo-Me International | LSE:PHTM | £385m | 102p | 11 | 6.9% | -0.5% | -3.2% | -36.8% | 45m | GBP | /FwdEPSGrth/ | NO | 7 |
| XPS Pensions Group | LSE:XPS | £372m | 184p | 18 | 4.6% | 14.4% | 13.6% | 2.8% | -46m | GBP | /DivGrth/ | YES | 7 |
| Communis | LSE:CMS | £112m | 53p | 8 | 5.0% | 7.2% | 6.6% | -14.6% | -24m | GBP | /EPSGrth/ | NO | 7 |
| Target Healthcare REIT | LSE:THRL | £375m | 111p | 19 | 5.8% | 19.0% | 7.7% | 8.3% | -65m | GBP | /DivCov/ | NO | 7 |
| Headlam Group | LSE:HEAD | £411m | 488p | 11 | 5.1% | 2.7% | 4.5% | 10.4% | 35m | GBP | /FwdEPSGrth/ | NO | 7 |
| Air Partner | LSE:AIR | £57m | 111p | 12 | 5.0% | 13.3% | 8.1% | -22.6% | 15m | GBP | /DivCov/ | NO | 7 |
| McColl's Retail Group | LSE:MCLS | £241m | 209p | 11 | 4.9% | 6.3% | 19.9% | -6.9% | -140m | GBP | /DivCov/ | NO | 7 |
| MedicX Fund | LSE:MXF | £360m | 81p | 21 | 7.4% | 7.4% | 4.6% | 3.8% | -362m | GBP | /DivGrth/IntCov/ | NO | 6 |
| Dunedin Enterprise Investment Trust | LSE:DNE | £83m | 400p | - | 4.8% | - | - | 3.8% | 9m | GBP | /FwdEPSGrth/EPSGrth/ | NO | 6 |
| JPMorgan Asian Investment Trust | LSE:JAI | £326m | 346p | - | 4.6% | - | - | -1.1% | 3m | GBP | /FwdEPSGrth/EPSGrth/ | NO | 6 |
| Highcroft Investments | LSE:HCFT | £49m | 940p | - | 4.9% | - | - | 1.6% | -17m | GBP | /FwdEPSGrth/EPSGrth/ | NO | 6 |
| Bonmarché Holdings | LSE:BON | £55m | 113p | 8 | 6.9% | 10.9% | 17.0% | 31.5% | 4m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Henderson High Income Trust | LSE:HHI | £231m | 180p | - | 5.3% | - | - | 3.2% | -55m | GBP | /FwdEPSGrth/DivGrth/ | NO | 6 |
| Aberdeen Asian Income Fund | LSE:AAIF | £361m | 199p | - | 4.5% | - | - | -4.4% | -31m | GBP | /FwdEPSGrth/DivGrth/ | NO | 6 |
| The Merchants Trust | LSE:MRCH | £576m | 530p | - | 4.8% | - | - | 9.3% | -90m | GBP | /FwdEPSGrth/DivGrth/ | NO | 6 |
| City of London Investment Group | LSE:CLIG | £104m | 410p | 11 | 6.3% | 2.9% | 7.8% | -6.3% | 16m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Pets at Home Group | LSE:PETS | £648m | 130p | 10 | 5.8% | -0.3% | 3.1% | -23.4% | -134m | GBP | /FwdEPSGrth/EPSGrth/ | NO | 6 |
| Topps Tiles | LSE:TPT | £124m | 64p | 10 | 5.3% | -15.0% | 3.1% | -17.1% | -25m | GBP | /FwdEPSGrth/EPSGrth/ | NO | 6 |
| BBGI Sicav S.A. | LSE:BBGI | £714m | 135p | 12 | 4.8% | 6.3% | 4.2% | 2.6% | -50m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Custodian REIT | LSE:CREI | £469m | 121p | 13 | 5.3% | 2.9% | -0.6% | 7.2% | -108m | GBP | /FwdEPSGrth/DivCov/ | NO | 6 |

Source: S&P Capital IQ, 2 July 2018

Aim dividend diamonds selection (passing at least 6 out of 8 tests)

| Name | TIDM | Market cap | Price | Fwd NTM PE | Dividend yield | FY EPS gr+1 | FY EPS gr+2 | 3-month momentum | Net Cash/Debt(-) | Currency | Test failed | Special dividend | Tests passed (out of 8) |
|-----------------------------|----------|------------|-------|------------|----------------|-------------|-------------|------------------|------------------|----------|----------------------|------------------|-------------------------|
| MTI Wireless Edge | AIM:MWE | £14m | 26p | 10 | 5.8% | 46.2% | 8.2% | -10.7% | 4m | USD | na | NO | 8 |
| The Property Franchise | AIM:TPFG | £37m | 143p | 11 | 5.3% | 9.4% | 2.7% | 5.2% | 0m | GBP | na | NO | 8 |
| Somero Enterprises | AIM:SOM | £212m | 378p | 13 | 3.1% | 21.6% | 4.6% | -2.0% | 19m | USD | na | NO | 8 |
| Park Group | AIM:PKG | £140m | 75p | 13 | 4.1% | 4.2% | 6.4% | -8.2% | 41m | GBP | na | NO | 8 |
| Walker Greenbank | AIM:WGB | £79m | 112p | 8 | 3.9% | -1.1% | 4.7% | -17.6% | -5m | GBP | /FwdEPSGrth/ | NO | 7 |
| Impellam Group | AIM:IPEL | £226m | 449p | 6 | 4.6% | 23.2% | 6.3% | -18.0% | -76m | GBP | /EPSGrth/ | NO | 7 |
| Telford Homes | AIM:TEF | £298m | 395p | 7 | 4.3% | 12.0% | 3.2% | -3.4% | -100m | GBP | /FCF/ | NO | 7 |
| Billington Holdings | AIM:BILN | £33m | 271p | 9 | 4.2% | 3.4% | - | 1.1% | 6m | GBP | /FwdEPSGrth/ | NO | 7 |
| STM Group | AIM:STM | £34m | 57p | 10 | 3.2% | 9.6% | 11.0% | 3.6% | 15m | GBP | /DivGrth/ | NO | 7 |
| Real Estate Investors | AIM:RLE | £100m | 54p | 14 | 6.5% | 15.2% | 8.2% | -3.6% | -84m | GBP | /IntCov/ | YES | 7 |
| XLMedia | AIM:XLM | £228m | 104p | 10 | 5.7% | -11.3% | 10.9% | -36.3% | 38m | USD | /FwdEPSGrth/ | NO | 7 |
| Rotala | AIM:ROL | £27m | 56p | 8 | 4.5% | 17.8% | 4.6% | 10.1% | -27m | GBP | /IntCov/ | NO | 7 |
| Amino Technologies | AIM:AMO | £148m | 204p | 14 | 3.3% | -0.1% | 6.5% | 1.0% | 13m | GBP | /FwdEPSGrth/ | NO | 7 |
| NWF Group | AIM:NWF | £92m | 190p | 12 | 3.2% | 13.0% | -10.0% | -1.8% | -16m | GBP | /FwdEPSGrth/ | NO | 7 |
| Redde | AIM:REDD | £535m | 176p | 15 | 6.0% | 8.4% | 3.7% | 4.2% | -23m | GBP | /DivCov/ | NO | 7 |
| Best of the Best | AIM:BOTB | £30m | 295p | 25 | 4.6% | -11.2% | - | 50.5% | 2m | GBP | /FwdEPSGrth/IntCov/ | YES | 6 |
| MP Evans | AIM:MPE | £419m | 765p | 25 | 3.6% | -0.1% | 44.3% | 2.1% | 74m | USD | /FwdEPSGrth/EPSGrth/ | YES | 6 |
| Ramsdens Holdings | AIM:RFX | £55m | 178p | 10 | 3.7% | 4.2% | 8.3% | -0.4% | 13m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| The Mission Marketing Group | AIM:TMMG | £38m | 46p | - | 3.7% | - | - | 9.5% | -7m | GBP | /FwdEPSGrth/EPSGrth/ | NO | 6 |
| MS International | AIM:MSI | £38m | 231p | - | 3.6% | - | - | 24.9% | 16m | GBP | /FwdEPSGrth/DivGrth/ | NO | 6 |
| Watkin Jones | AIM:WJG | £523m | 205p | 14 | 3.2% | 7.5% | 6.2% | 13.0% | 38m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Quartix Holdings | AIM:QTX | £181m | 380p | 30 | 3.6% | - | - | 7.0% | 7m | GBP | /FwdEPSGrth/IntCov/ | YES | 6 |
| Flowtech Fluidpower | AIM:FLO | £102m | 167p | 10 | 3.5% | 18.5% | 7.5% | -5.8% | -15m | GBP | /DivGrth/EPSGrth/ | NO | 6 |
| Zytronic | AIM:ZYT | £72m | 450p | 16 | 4.2% | -4.5% | 15.4% | 10.7% | 14m | GBP | /FwdEPSGrth/DivCov/ | NO | 6 |
| Manx Telecom | AIM:MANX | £206m | 179p | 13 | 6.4% | 8.0% | 7.6% | -0.8% | -58m | GBP | /DivGrth/DivCov/ | NO | 6 |
| Maintel Holdings | AIM:MAI | £117m | 825p | 10 | 4.1% | 30.5% | 6.9% | 3.2% | -27m | GBP | /EPSGrth/DivCov/ | NO | 6 |
| SafeCharge International | AIM:SCH | £526m | 355p | 24 | 3.6% | 12.9% | 11.4% | 18.6% | 109m | USD | /DivCov/IntCov/ | NO | 6 |
| Northern Bear | AIM:NTBR | £14m | 77p | - | 3.3% | - | - | 10.5% | -1m | GBP | /FwdEPSGrth/DivCov/ | NO | 6 |

Source: S&P Capital IQ, 2 July 2018

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