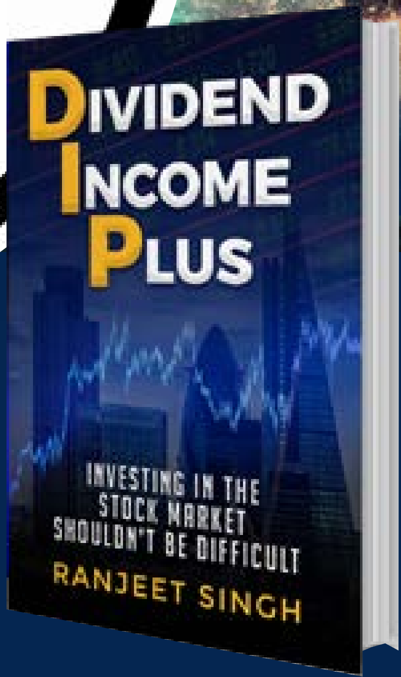


DATE	COMPANY	TRADE SUMMARY
Mar 31, 2025	Taylor Wimpey	Taylor Wimpey BUY Price 99p 84% Score Rating

Market Price = **108p**
Buy Price = **99p**

Stop Loss = 10% = 90p
Profit = 20% = 119p

Below Market Value (BMV = 23%)
Estimated True Value = **122p**

Return to Risk = 2:1

HEADLINE RESEARCH

POSITIVES	NEGATIVES	SCORE RATING
FTSE 100 (Low Risk) Technical Support £250m Dividend Pay out Excellent Dividend Yield Bottom of Trading Range	Dividend Cover < 1 Missed Final Dividend Payout Risk of Heavy selling below 100p	VERY STRONG BUY 84%

SUMMARY TRADE

Taylor Wimpey is currently trading at the lower end of its recent range and has just announced a final dividend. If you buy now, you will not receive this dividend, however, this is already reflected in the reduced share price. At the current level of 107p, we believe this presents a strong buying opportunity.

Free cash flow remains slightly positive, although dividend cover is tight and something to watch. According to the DIP System, the current dividend yield of 9.7% gives us a calculated entry point of 99p. Given that Taylor Wimpey has not fallen below 107p this year, and has only dipped below 100p once in recent years, this 99p entry can be adjusted based on your individual risk profile.

If you're willing to take on slightly more risk, you might consider increasing the entry point to 105p. This adjustment increases the chance of your trade being filled, but also raises risk, meaning stop loss and sell limit orders will also need to be modified accordingly.

Ultimately, the approach depends on your personal strategy. If you're following the DIP model strictly, 99p is the suggested acquisition price. If you're comfortable with more risk, or have a longer-term investment horizon rather than a short-term trading focus, 105p could be a valid alternative to consider.

Some of our clients may even choose to buy 'at market' which means buying the shares at the current price of 107p.

Please remember, this is not investment advice or a recommendation, and you should speak to your financial adviser before making any decisions.

IMPORTANT NOTICE:

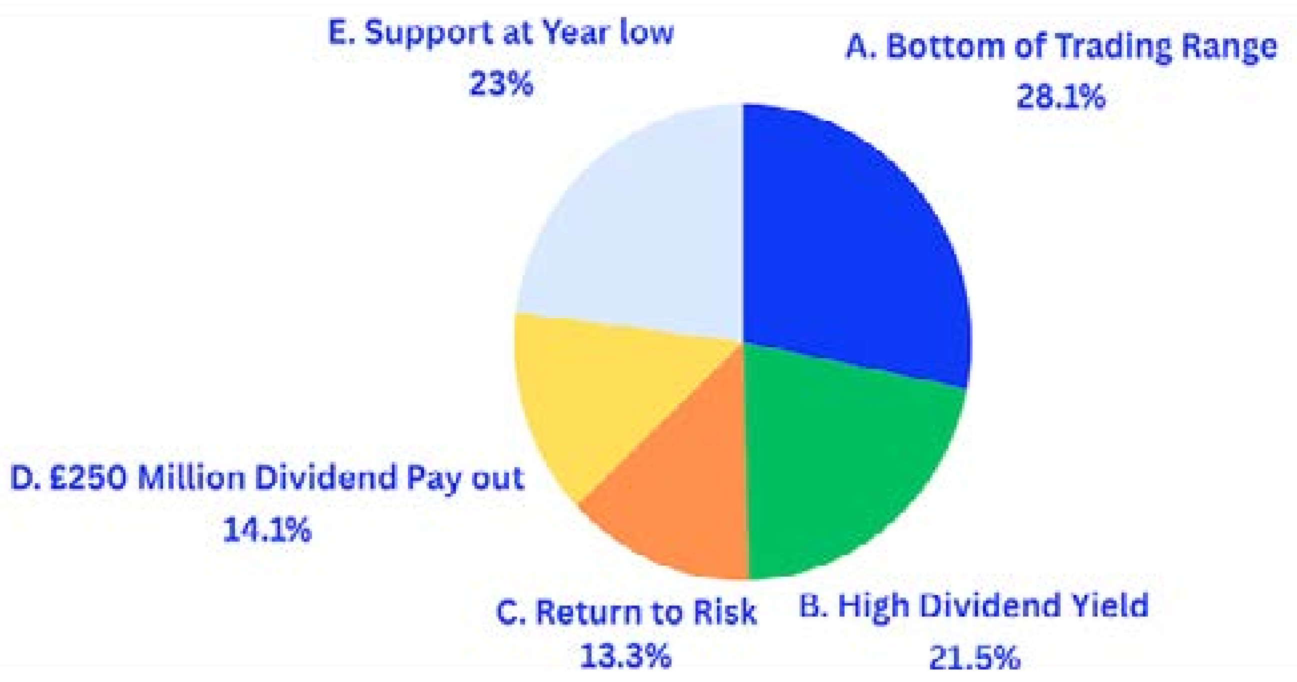
THE OPPORTUNITY

Taylor Wimpey is one of the UK's largest residential housebuilders and a constituent of the FTSE 100 index since 2007. The company was formed in 2007 through the merger of George Wimpey and Taylor Woodrow, two of the UK's most established construction firms with histories dating back to the early 20th century. Headquartered in High Wycombe, Taylor Wimpey builds homes across England, Scotland, and Wales, catering to a wide range of buyers, from first-time homeowners to families upgrading their living space.

The company employs around 5,000 people across its UK operations, including regional offices, customer service teams, and on-site construction staff. It also works closely with subcontractors and suppliers to support its large-scale building projects. Taylor Wimpey operates from over 20 regional businesses, allowing it to maintain strong local knowledge and presence while benefiting from the scale of a national operation.

In addition to its UK footprint, Taylor Wimpey has a small Spanish division, developing homes in popular coastal areas such as the Costa del Sol and Costa Blanca. For investors, the company is well known for its dividend-paying track record and capital return policy, including a commitment to return excess cash to shareholders. Its FTSE 100 status reflects its size, stability, and importance in the UK housing sector.

KEY METRICS



The % level of importance for the key metrics to support our Buy decision.

KEY METRICS BROKEN DOWN

A. Bottom of the Trading Range

Taylor Wimpey is currently trading at the lower end of its typical price range. Part of this recent decline is linked to the company's announcement of a final dividend of 4.66 pence per share, which is due to be paid on 9 May 2025. Investors purchasing shares now will not qualify for this payment, but this is reflected in the share price, which has adjusted downward to account for the missed dividend.

More significantly, technical traders often monitor key support levels such as annual lows. At these levels, trading algorithms are more likely to initiate automated buying activity, which can lead to sharp rebounds. This creates a potentially favourable entry point for investors looking to capitalise on short-term price movement and long-term value.

B. High Dividend Yield

With an attractive dividend yield of approximately 9%, Taylor Wimpey stands out among FTSE 100 companies as a strong candidate for income-focused investors. Typically, high dividend yields can come at the expense of capital growth. However, in this case, the opportunity for price appreciation remains viable.

Given that the share price is trading near its 12-month low, there is room for potential upside while still benefiting from a generous income stream. This balance between income and growth makes Taylor Wimpey a compelling prospect in the current market.

C. Return-to-Risk Ratio

Taylor Wimpey currently offers a return-to-risk ratio of around 2:1, which meets the minimum threshold required for the DIP (Dividend Income Plus) system to consider a stock viable for investment. While certain market conditions may allow for exceptions, maintaining a reward that is at least double the potential downside is a core principle of the strategy.

The reason this ratio is not higher is due to recent price action. The stock has repeatedly failed to break through resistance around the 120p mark, suggesting this may be a short-term ceiling. One approach to managing this limitation is the use of a trailing stop-loss, which allows investors to lock in gains as the price rises while limiting losses if it turns. If you would like more detail on how to implement a trailing stop-loss, please contact us.

D. £250 Million Payout Commitment

While the headline figure of £250 million is impressive, what matters more is the intention and consistency behind it. On 27 February 2025, Taylor Wimpey confirmed its commitment to return this amount annually to shareholders, in line with its policy to distribute around 7.5% of net assets each year.

Although the company's dividend cover is less than 1, which means earnings are not fully covering the dividend, the board's ongoing support for returning capital to shareholders is a key consideration. In high-yield companies, the biggest risk is often a reduction or suspension of dividends. Taylor Wimpey's commitment and policy signal that, even in more difficult market conditions, the dividend is likely to be maintained rather than cut quickly.

E. Strong Support Near Yearly Low

The current share price sits very close to Taylor Wimpey's 12-month low of 107p, a level that is often seen as a key support point by both human traders and algorithmic systems. As the price approaches this low, buy orders from automated trading systems tend to activate, while value-focused investors are also drawn in by the opportunity to acquire shares at a discount.

What strengthens this support further is the proximity to the psychologically important 100p level. Historically, this level has held firm — even during the sharp market correction in 2020, when COVID-19 first hit, the price did not fall below it. The only exception in recent memory was a brief drop to 87p in 2022. While it's not impossible for 100p to be breached again, it would be statistically unusual. This increases the likelihood of a rebound, adding to the attractiveness of Taylor Wimpey at its current price.

PHASE 1

5 RISK PILLARS

The DIP Strategy employs a 5-Step Risk Assessment Process designed to pinpoint the most influential factors affecting share value and future price action. While there are potentially hundreds of variables to consider, our research indicates that only a few have a disproportionate impact.

By focusing on the 5 Key Risk Pillars, the DIP Strategy works backward to reverse-engineer the optimal purchase price, ensuring investors are properly compensated for the risks they take.

For more information about this strategy, please contact us.

RISK PILLAR 1

DIVIDEND COVER

Dividend	Pence	Notes
Final	4.66	Payable 9 May 2025
Interim	4.8	Paid 15 November 2024
Final	4.79	Paid 10 May 2024
Interim	4.79	Paid 17 Nov 2023
Forecast Next 12 Months	9.61	31st Mar 2025 - 31st Mar 2026
TOTAL Dividend (Forecast)	**9.61**	
Earnings Per Share (Year ended 2024)	6	
Forecast Dividend Cover	**0.62**	Earnings Per Share/Dividend = 0.06/9.61
RISK PILLAR SCORE	**1**	

DATA RATIONALE:

Taylor Wimpey's current dividend cover stands at approximately 1.2. However the actual figure varies significantly depending on whether we are looking at historic Earnings per Share or forecast EPS.

On a trailing twelve-month basis, the company's net earnings are around 1.2 times the value of its dividend payments. For every £1 paid out to shareholders, Taylor Wimpey generates approximately £1.20 in earnings. This is fine, and although it offers only a modest buffer, and suggests a relatively tight margin in terms of dividend sustainability it is still positive. The risk here is that whilst it reflects the company's generous payout approach, this may not be sustainable during periods of lower profitability.

Payout Ratio

The current payout ratio is approximately 96%, meaning the company has returned nearly all of its net profit to shareholders in the most recent financial year. This is obviously appeal to income-focussed investors, but is also a potential warning sign, suggesting limited reinvestment into the business and potentially reduced flexibility in the event of a downturn. That said, TW as with many house builders follow this strategy and has done so for many years. We need to keep an eye on earnings figures but in the most part, the dividend policy, dividend cover and overall dividend yield is promising.

Formula: Dividend Cover = Net Income/Dividends Paid

Net Income (2024): £320.3 million, Dividends Paid (2024): £250 million

320.3/250 = Dividends were 'covered' 1.28 times by earning (income).

Forecasted Figures:

Earnings Per Share (EPS): Analysts predict a 5% growth in EPS for 2025 which means that for 2025 the EPS would be 6p x 1.05 = 6.3p.

Dividend Cover = 6.3/9.61 = 0.66 (remains < 1 or 'uncovered')

Historical Dividend Policy

TW pays dividends twice a year, an interim dividend in November and a final dividend in May, as part of its ordinary dividend policy.

Looking at the historical data:

- In 2022, the dividend cover was 2.11
- In 2021, it was 2.10
- In 2020, it stood at 1.57

While the long-term trend in dividend cover has been relatively stable, there are signs that it may be starting to weaken. The outlook for the next 12 months remains uncertain, as it depends on forecast earnings, figures that are inherently difficult to predict, especially in the housebuilding sector where conditions can change quickly.

Some analysts have suggested that dividend cover could fall to between 0.7 and 0.8. In our view, this is overly pessimistic. These forecasts seem to be based on worst-case assumptions, which may not reflect the company's actual earnings potential. If anything, this negative sentiment may be placing undue pressure on the share price, and for long-term investors, that could create an attractive buying opportunity.

Historical Dividend Payouts

Apart from a pause in 2020, when the dividend was suspended during the height of the pandemic, Taylor Wimpey has consistently delivered strong shareholder returns. We do not expect this to change, unless there is a material and sustained drop in earnings. Based on current information, we view that risk as statistically low.

Shares trade ex-dividend	Dividend type	Dividend per share (pence)	Payment date	Record date
27 March 2025	Final*	4.66	9 May 2025	28 March 2025
10 October 2024	Interim	4.80	15 November 2024	11 October 2024
28 March 2024	Final	4.79	10 May 2024	2 April 2024
12 October 2023	Interim	4.79	17 November 2023	13 October 2023
30 March 2023	Final	4.78	12 May 2023	31 March 2023
13 October 2022	Interim	4.62	18 November 2022	14 October 2022
31 March 2022	Final	4.44	13 May 2022	1 April 2022
7 October 2021	Interim	4.14	12 November 2021	8 October 2021
1 April 2021	Final	4.14	14 May 2021	6 April 2021
3 October 2019	Interim	3.84	8 November 2019	4 October 2019
6 June 2019	Special	10.70	12 July 2019	7 June 2019
4 April 2019	Final	3.80	17 May 2019	5 April 2019

Source: Taylor Wimpey

RISK PILLAR 2

MARKET CAPITALISATION

	Billion (£)	Notes
Market Capitalisation	3.88	Approximately 3.6 billion shares x 107 pence
Market Capitalisation of average FTSE 100 constituent	24.6	
Rank amongst FTSE 100	94	Is in the 3rd ⅓ (67-100) bracket
RISK PILLAR SCORE	**1**	

DATA RATIONALE:

Taylor Wimpey is currently ranked 94th in the FTSE 100 index, placing it near the lower threshold for inclusion. The FTSE 100 is reviewed and rebalanced quarterly—in March, June, September, and December—based on companies' market capitalisations. During these reviews, companies that fall below the 111th position are typically relegated to the FTSE 250, while those rising to 90th position or above are promoted to the FTSE 100.

In the March 2025 review, British Land Co was removed from the FTSE 100 and replaced by Coca-Cola Europacific Partners. Taylor Wimpey's current position at 94th reflects a decline in its share price, which has traded between a high of 170p and a low of 107p over the past year. At a share price of 170p, Taylor Wimpey's market capitalisation would be approximately £6.02 billion (based on 3.54 billion shares outstanding), potentially placing it around the 70th position in the FTSE 100, though exact rankings fluctuate with market conditions.

If Taylor Wimpey were to drop out of the FTSE 100, it would move to the FTSE 250 index. Such a change could lead to adjustments by investment funds that track the FTSE 100, potentially impacting the company's share price and liquidity.

However, many companies have successfully transitioned between these indices, and such movements do not inherently reflect on the company's operational performance or long-term prospects. That said the DIP strategy views this metric negatively and seeks to avoid and/or seeks suitable compensation to take on this higher level of risk. Hence the reason why it is assigned a risk rating of 1.

RISK PILLAR 3

FREE CASH FLOW (FCF)

	Free Cash Flow (£M)	Notes
2020	-309	
2021	427	Marked turnaround with a +736k positive reversal
2022	475	Another very positive cash flow position, suggesting operational efficiency
2023	-122	Likely due to increased investments
2024	162	A good recovery from last year's negative position
FCF Per Share	4.5	162m/3.6 Billion
RISK PILLAR SCORE 1		**5p/share**

DATA RATIONALE:

Taylor Wimpey's free cash flow (FCF) has seen significant variation over recent years, reflecting shifts in market conditions and company strategy. In 2020, during the peak of the COVID-19 pandemic, the company reported a negative free cash flow of £309 million, largely due to a slowdown in construction activity and ongoing fixed costs. This was followed by a strong recovery in 2021, when FCF rebounded to £427 million as the housing market reopened and demand returned. The momentum continued into 2022, with free cash flow rising to £475 million, marking a period of solid cash generation.

The picture changed in 2023 and 2024. Free cash flow dropped to £122.7 million in 2023, then improved slightly to £161.5 million in 2024. Several factors may explain this decline, including higher build costs, land investment, and a reduction in housing completions due to economic uncertainty and rising interest rates. Additionally, Taylor Wimpey's ongoing commitment to return around £250 million a year to shareholders through dividends places added pressure on cash reserves when earnings or operating cash flow soften.

This decline in free cash flow is important. While the company continues to maintain its dividend policy, its free cash flow per share in 2024 was approximately 4.6p, less than half of the dividend paid per share. This raises concerns about the long-term sustainability of such payouts if earnings do not recover. For investors, tracking free cash flow is just as important as profits, as it ultimately supports dividends, reinvestment, and overall financial stability.

Overall however, we see TW in positive territory and therefore mark it with a 2 rating.

RISK PILLAR 4

MANAGEMENT

Experienced Board of Directors

Taylor Wimpey's management team has experienced notable changes in recent years, particularly in its top leadership roles. In April 2022, Jennie Daly was appointed as Chief Executive Officer (CEO), succeeding Pete Redfern, who had led the company for over 14 years since the merger of Taylor Woodrow and George Wimpey in 2007. Daly's appointment marked a significant transition, as she became the first woman to lead the company. Prior to her promotion, Daly served as the Group Operations Director, bringing extensive experience within the organisation.

The position of Group Finance Director (CFO) has seen more stability. Chris Carney has held this role since 2018, overseeing all financial aspects of the company, including tax, treasury, and the management of the Group's defined benefit pension scheme. His tenure reflects continuity in the financial leadership of Taylor Wimpey.

Overall, while there have been significant shifts at the CEO level, other key positions within Taylor Wimpey's management team have demonstrated stability. The average tenure of the management team is approximately 5.9 years, and the board of directors averages around 4.3 years. This blend of fresh leadership and experienced management provides a balance aimed at steering the company through evolving market conditions.

£250 Million - "Dividend Friendly" Management Team

Taylor Wimpey has consistently positioned itself as a shareholder-friendly company, placing a strong emphasis on returning capital through dividends. Its approach is not only structured but also deliberate, with a stated policy of paying out approximately 7.5% of net assets annually. These payments are split equally between an interim dividend in November and a final dividend in May.

This level of clarity and commitment signals that dividends are a key part of the company's long-term strategy, rather than an opportunistic or short-term gesture.

Rather than following a purely progressive dividend policy, where payouts rise steadily each year, Taylor Wimpey's approach is more disciplined and tied to the strength of its balance sheet and operational performance. However, in practice, the company has delivered consistently strong dividends, even when the housing market has faced headwinds.

With the exception of 2020, when the dividend was suspended due to COVID-19, Taylor Wimpey has maintained or grown its dividend payouts each year. The announcement made in February 2025 to distribute £250 million over the coming 12 months further reinforces the board's confidence in the company's financial position.

Given this guidance, and the fact that such commitments are rarely made lightly, the likelihood of a dividend cut within the next 12 months appears low, unless there is a sharp deterioration in trading conditions. While some analysts have flagged concerns about the sustainability of current payouts, especially in light of earnings and free cash flow pressure, the company's clear dividend policy and recent reaffirmation suggest that any adjustment would be a last resort.

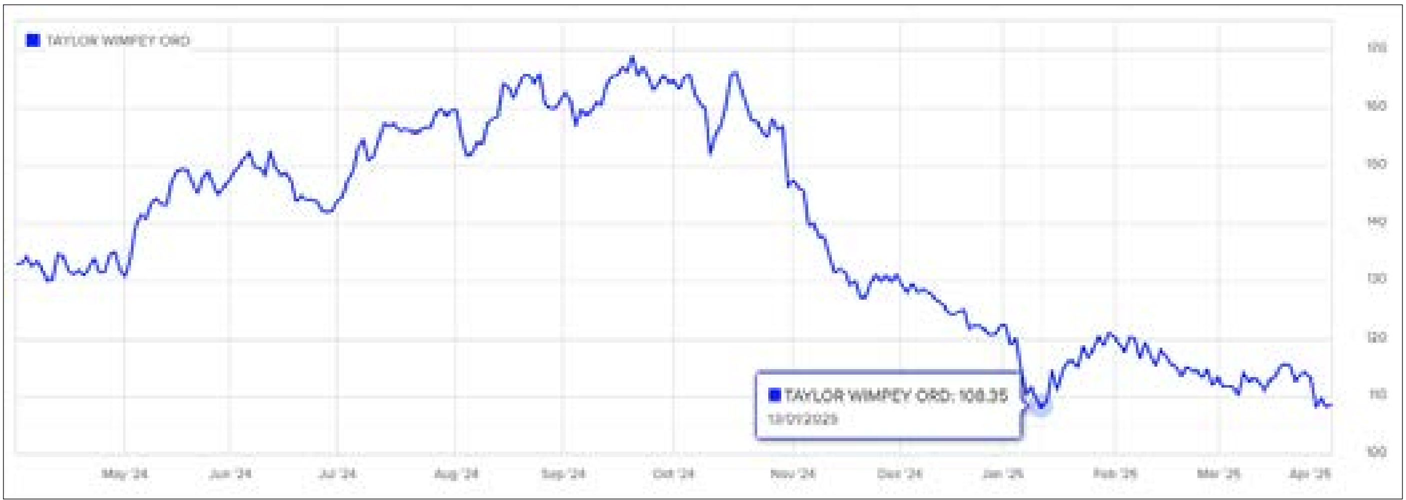
Investors should continue to monitor earnings and housing market activity, but based on current information, Taylor Wimpey remains committed to delivering strong shareholder returns.

RISK PILLAR SCORE 2

RISK PILLAR 5

TRADING RANGE

12 MONTH CHART - LEGAL AND GENERAL



RATIONALE:

The share price last reached this level on 13th January 2025, before quickly rallying to 120p, The overall trend from September last year has been a downward trajectory. This means that there are likely many investors who have bought Taylor Wimpey on the way down. It is probable that there are also many long term buy and hold investors who are holding for the income,

As a short term opportunist DIP trade this gives us a better exit strategy because there is less likely to be selling pressure from longer term holders. They are investors who have secured a decent dividend yield and will continue hold the company for the long term. Therefore the selling pressure is likely to come from new investors who are looking for shorter term returns.

There is also another key advantage to buying at the very low end of a range which is that (if and when) the share prices start to rise, there will be a new wave of potential investors who fall into the FOMO (Fear of Missing Out) category. The top of the mountain at 170p is a long way from the current price of just 107-108p and as the price pushes back up to say 120p there is plenty of extra headroom above it (50p or 40%).

Furthermore there is the support level that value-investors will intrinsically lean towards. This includes trading systems which disregard other metrics and look almost exclusively at technical trading levels including support and resistance. The added benefit of a 107p price, is that the 100p mark gives a psychological supporting price.

RANGE	PRICE (P)	RATING (THIRDS)
12 Month Low	107	-
12 Month High	170	-
Range	107 - 170	Range = 63p (21p per Third)
Bottom Range	107 - 128	3
Mid-Range	129 - 150	2
Top Range	151 - 170	1

RISK PILLAR SCORE 3

PHASE II

MEAN RISK RATING

RISK PILLAR SCORES

RISK PILLAR 1	DIVIDEND COVER	☑ 1 Poor 2 Average 3 Good
RISK PILLAR 2	MARKET CAPITALISATION	☑ 1 Poor 2 Average 3 Good
RISK PILLAR 3	FREE CASH FLOW	☑ 1 Poor 2 Average 3 Good
RISK PILLAR 4	MANAGEMENT	1 Poor ☑ 2 Average 3 Good
RISK PILLAR 5	TRADING RANGE	1 Poor 2 Average ☑ 3 Good
TOTAL RISK	1 + 2 + 1 + 2 + 2	**TOTAL = 8**
MEAN RISK RATING (MRR)	8 / 5	**MRR = 1.6**

MEAN RISK RATING (MRR) TABLE

The Mean Risk Rating (MRR) Table identifies the appropriate dividend yield investors should expect as compensation for the level of risk associated with a particular stock. This risk assessment is derived from our 5 Key Risk Pillars. Lower-scoring pillars indicate higher risk, necessitating a higher yield to justify the investment.

The MRR Table is specifically designed for a select group of companies within the FTSE 100 and 250. It is not universally applicable to all shares, so we carefully adopt those that align best with our DIP System's methodology.

Total Risk Points	Mean Risk Rating (MRR)	Risk Level	Buy Compensation Yield (BCY) (%)
5	1	Very High	8
6	1.2	High	7.5
7	1.4	High	7
8	1.6	Medium-High	6.25
9	1.8	Medium	6
10	2	Medium	5.75
11	2.2	Medium	5.5
12	2.4	Low-Medium	5.25
13	2.6	Low	5
14	2.8	Low	4.5
15	3	Very Low	4

PHASE III

BUY COMPENSATION YIELD

DIVIDEND BIAS WEIGHT (DBW)

From the MRR we are able to deduce that we require 6.25% of income to suitably compensate us for the risk of buying the company

We now must add the DBW. This is the extra income that we require given that the company typically pays a much higher income than the benchmark index. The DBW is the risk-adjusted income return.

FTSE 100 Average Dividend Yield

FTSE 100 Yield History Breakdown			
Year	Average Yield	Max Yield	Min Yield
2024	3.65%	3.93%	3.47%
2023	3.73%	4.04%	3.50%
2022	3.72%	4.22%	3.19%
2021	3.18%	3.61%	2.72%
2020	4.12%	7.01%	2.97%
2019	4.49%	4.86%	4.20%
2018	4.06%	4.93%	3.49%

Average Dividend Yield for Taylor Wimpey (TW..L) and FTSE 100

YEAR	TW. - Yield (%)	FTSE 100 - Yield (%)
2021	4.7	3.2
2022	8.9	3.7
2023	6.5	3.7
2024	7.9	3.7
4 Years	**TW. Average Yield**	**FTSE 100 Average Yield**
2021, 2022, 2023, 2024	**7 %**	**3.6 %**

DBW

7 - 3.6 = 3.4%

Dividend Yield

6.25% + 3.4% = 9.7%

This is the optimal yield that is required to compensate an investor to buy LGEN.

The DIP System identifies using the 5 Risk pillars, the MRR Table and BCY equation that TW. should pay circa 6.25% in income. A further 3.4% is added to reflect the bias of this company compared to the FTSE100 index per year. **This gives a total yield requirement of 9.7%**.

PHASE IV

REVERSE ENGINEER BUY PRICE

DIVIDEND YIELD = DIVIDEND / PRICE

If we want a dividend yield of 9.7%, we can work backwards to figure out the price we need to pay to achieve that yield.

PRICE = DIVIDEND / DIVIDEND YIELD

If the dividends paid is 9.6p and we want a dividend yield of 9.7%, we can work out the price 'backwards'.

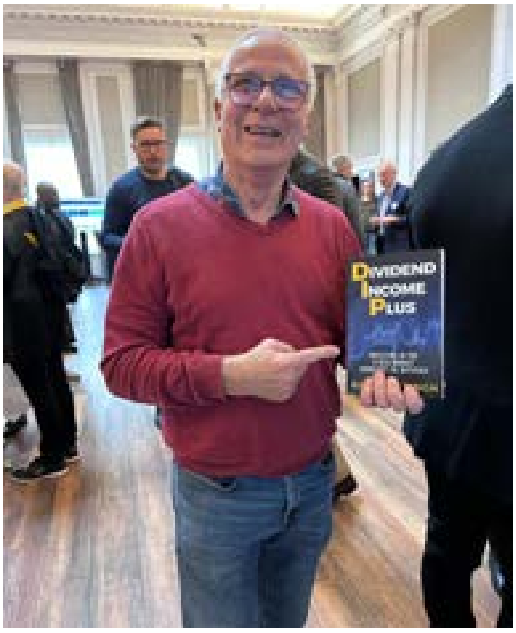
CALCULATIONS	BUY PRICE	LIMIT ORDER
Dividend Yield = 9.7% Dividends (Forecast 12m) = 9.61p Price = Dividend/Yield	Price = 9.61/9.7% Price = 99p	Enter buy order at price, then be patient and wait for order to be filled.

TRADE SUMMARY

COMPANY	BUY PRICE (p)	CURRENT PRICE (p)	STOP LOSS (p)	TAKE PROFIT (p) (Option A)	TAKE PROFIT (p) (Option B)
Taylor Wimpey	**99**	108	90 (10%)	Trailing Stop Loss (TSL) Strategy	124

DIP RESEARCH TOOLS

The DIP Strategy is built on a solid foundation of carefully selected core fundamentals, developed and refined over several years. While these principles form the backbone of the strategy, flexibility remains essential to achieve the best results.



Our research shows that the most successful trading outcomes are achieved by combining proven fundamentals with the ability to interpret market news and adjust strategies when necessary.

Effective trading is not about blindly following automated rules; rather, it requires a thoughtful, adaptable approach where established principles are applied alongside real-time market insights. This balance between structure and flexibility is why we believe the DIP Strategy is particularly effective.

We continue to improve the DIP Strategy as we find better ways to apply it. For example, we now use a ranking system to measure Risk Pillar II, Market Capitalisation, though using this method is optional.

There are different ways to follow the DIP Strategy, and the metrics can be adjusted to suit your style. There's no single correct approach. Each method has its own strengths and weaknesses. The key is to stay consistent once you choose your way.

If you have any questions about the strategy or how it works, please do not hesitate to contact us.

1) RISK PILLAR CALCULATIONS

This is the foundation of the DIP Strategy. After analysing hundreds of different variables, we found that these five factors are especially effective in assessing risk, particularly for dividend-paying FTSE 350 companies.

The ranges can be adjusted based on the client's individual risk tolerance, investment goals, and current market conditions. For example, a buy-and-hold investor looking for fewer but higher-quality trading opportunities can make the scoring system stricter. This approach results in

	1	2	3
RISK PILLAR	**RED**	**YELLOW**	**GREEN**
DIVIDEND COVER	< 1.5	1.5 < 2	> 2
MARKET CAPITALISATION (£ Billion)	0.5 - 5	5 - 20	> 20
FREE CASH FLOW (Per Share)	0 < 75	75 - 150	> 150
MANAGEMENT	**Poor**	**Average**	**Good**
TRADING RANGE	Top of Range (Quartile 1: 75-100%)	Mid-Range (Quartiles 2-3: 25<75%)	Bottom of Range (Quartile 4: 0-25%)

2) MRR CALCULATION

Using the DIP 'Traffic Light System', we calculate a total score by adding the points for each of the five risk pillars. This total is then divided by the number of pillars (5) to determine the average or 'mean' risk level.

This approach helps us evaluate the overall risk associated with the company, with a particular focus on the likelihood of the company cutting or suspending its dividend.

	1	2	3
RISK VARIABLE	**RED 1** High Risk	**YELLOW 2** Medium Risk	**GREEN 3** Low Risk
DIVIDEND COVER		2	
MARKET CAPITALISATION	1		
FREE CASH FLOW			3
MANAGEMENT			3
TRADING RANGE		2	

$$MRR = \frac{\text{Total points}}{5}$$

$$MRR = \frac{11}{5}$$

$$MRR = 2.2$$

3) BUY COMPENSATION YIELD (BCY)

The table outlines the dividend yield required for each level of risk. A company with a high Mean Risk Rating (MRR) would require a higher dividend yield to adequately compensate investors for the additional risk.

This is a common pitfall for many DIP Investors. It's unrealistic to expect this table to apply to all companies, as each one follows its own unique dividend policy. Instead, we have identified 20-30 companies within the FTSE 350 where this table is most applicable, and we disregard the rest.

Adjustments can and should be made to the BCY and this is where previous investment experience and knowledge can be helpful. If you have little or no previous experience then you should stick to the table more rigidly.

Total Risk Points	Mean Risk Rating (MRR)	Risk Level	Buy Compensation Yield (BCY) (%)
5	1	Very High	8
6	1.2	High	7.5
7	1.4	High	7
8	1.6	Medium-High	6.25
9	1.8	Medium	6
10	2	Medium	5.75
11	2.2	Medium	5.5
12	2.4	Low-Medium	5.25
13	2.6	Low	5
14	2.8	Low	4.5
15	3	Very Low	4

CONTACT INFORMATION

Our goal is to help you succeed in the stock market. With our knowledge and experience, we aim to guide you through the market noise and help you focus on the most critical information that is most likely to assist you in predicting future price action.

While the **DIP Strategy** has a strong built-in risk management framework and focusses exclusively on low to medium-risk companies that pay dividends, it's important to remember that there are no guarantees. For this reason, you should only invest capital you can afford to risk.

You're part of our team now, and we're here to support your growth. If you would like to speak with our research team about this company or any of our stock reports, please email us, and we will gladly arrange a call at your convenience.

research@marketinsider.uk

www.marketinsider.uk

RESEARCH ONLY - NOT ADVICE

If you are considering an investment in this company, we highly recommend seeking guidance from a qualified financial advisor. Please note that we are not regulated by the Financial Conduct Authority (FCA) and do not provide investment advice. Our analysis is generated through our proprietary DIP Trading System and is intended purely for research purposes.

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