



Invest Like Kevin O'Leary With These Dividend Stocks

Description

With Kevin O'Leary leaving CBC television show *Dragons' Den*, there will be a massive void. Both his supporters and detractors agree that he was the dragon who breathed the most fire when an entrepreneur pitched a bad idea. And while his rudeness was often over the top, he was usually right.

So to honour Mr. O'Leary, let's take a look at some of his stock holdings. In 2008, he co-founded O'Leary Funds with Stanton Asset Management, and still invests in each of the funds' mandates. But the only Canadian Equity mandate offered by O'Leary Funds is a dividend-focused fund. Below are the fund's top holdings.

Financial services

Four out of the top seven holdings in the fund are financial service companies, including the top two: **Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)) and **Toronto-Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)).

These two holdings represent very different bets – while TD is focused on growing in the United States, Bank of Nova Scotia is focusing on emerging markets, particularly Latin America. So by investing in both banks, the fund is hedging its bets. It doesn't hurt that both have been very well run for over a decade.

Of course the two banks have one important thing in common: nice dividend yields. Bank of Nova Scotia yields 3.9% while TD yields 3.7%.

Agrium

Sticking with the fund's conservative investing style, **Agrium** (TSX: AGU)(NYSE: AGU) is a pick that investors can feel easy about owning. The company makes its money from fertilizer production and agricultural products retailing – two industries that will thrive as long as humans need to eat.

The company has performed especially well in recent years, and this looks set to continue. Higher than average crop prices and farm incomes should lead to plenty of demand for Agrium's products. Production levels are also higher than normal, which provides a further boost to Agrium's top and

bottom line.

Last year Agrium increased its quarterly dividend and also executed \$500 million in share buybacks. As a result, the dividend now has a nice yield of 2.9%.

Altagas

Rounding out the top four holdings is Alberta-based **Altagas Ltd** ([TSX: ALA](#)). Altagas makes its money from three segments: utilities, power, and natural gas transportation. All three of these businesses are very stable, allowing the company to generate consistent cash flow.

And this cash flow helps the company pay a consistent dividend, which currently yields 3.3%. As an added bonus, the company has a solid balance sheet, with net debt equal to about half the company's market capitalization, good enough for a BBB credit rating. Investors need not fear a dividend cut any time soon.

Foolish bottom line

Despite being known as a venture capitalist, Mr. O'Leary has historically been a very conservative investor, as demonstrated by this fund. And that is a very important lesson for dividend-focused investors: if you're looking for yield, it's best to go for strong companies with stable payouts, rather than a more speculative company with a higher dividend.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:TD (The Toronto-Dominion Bank)

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