5 Top Blue-Chip Stocks

Description

One thing all investors can agree on is that stock prices fluctuate. Markets rise and fall for all sorts of reasons.

Another thing you can count on is that dividend-paying stocks have historically outperformed non-dividend-paying stocks. Therefore, one of the better ways to earn good returns is to own industry-leading companies with sustainable dividends. Here are five such examples that are all timely picks for income investors today.

1. Imperial Oil

Imperial Oil (TSX: IMO)(NYSEMKT: IMO) has paid a dividend to shareholders every year since 1891, earning it a spot as one of Canada's dividend aristocrats. Imperial has a strong balance sheet as it is one of the least leveraged companies in the oil and gas sector. The company pays out just 11% of its net income, which means more dividend hikes could be on the way.

2. Tim Hortons

Tim Hortons (TSX: THI)(NYSE: THI) is Canada's largest coffee and doughnut chain. Since the company went public in 2006, Tim Hortons has tripled the size of its dividend and repurchased 25% of its outstanding shares. Today, the stock yields 2.2%.

3. BCE

BCE (TSX: BCE)(NYSE: BCE) is one of the leading companies in the telecom industry when it comes to profitability, with a net margin of 10.3%. Over the past decade, the telecom giant has increased shareholder value by steadily raising its dividend. BCE has managed to increased its payout at an 8.6% compounded annual clip over the past five years. Today, the company pays an annual dividend of $2.48 per share and the stock yields 5%.

4. Royal Bank of Canada

Royal Bank of Canada (TSX: RY)(NYSE: RY) is one of the most reliable dividend payers in Canada as the company has made a distribution to shareholders every year since 1870. Today, it pays an annual dividend of $2.84 per share and the stock currently yields 3.6%. As a market leader with almost $900 billion in assets, Royal Bank of Canada should be able to increase its dividend for years to come.

5. Canadian National Railway

Canadian National Railway (TSX: CNR)(NYSE: CNI) has increased its dividend every year since going public in 1996. The company has a strong balance sheet, with one of the lowest debt-to-equity ratios in the railroad sector. Canadian National only pays out 30% of its earnings as dividends, which is reasonable given the huge amounts of capital required in this industry. Today, the company pays an annual dividend of $1.00 per share and the stock yields 1.35%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:IMO (Imperial Oil Limited)
4. TSX:RY (Royal Bank of Canada)

Category

1. Investing

Date
2025/07/05
Date Created
2014/07/29
Author
rbaillieul