Royal Bank of Canada, WestJet Airlines Ltd., and Canadian National Railway Company: The Guardians of Your Dividend Portfolio

Description

When it comes to building a portfolio, it is key to have a handful of solid, consistent earners to protect you against any problems the market might face. A solid core of holdings also gives you more freedom to take on higher-risk companies without fear of compromising your future. The three companies below are a small sample of some of the top companies available on the TSX today.

The bank lord

Royal Bank of Canada (TSX: RY)(NYSE: RY) has been working overtime to make itself stand out from the rest of its Canadian competitors. The bank has proved to be a consistent earner, with three back-to-back quarters of over $2 billion in net income. Most recently, the bank earned $2.4 billion in its third quarter, up 4% over last year. The bank has been benefiting from record earnings in its Canadian banking, wealth management, and insurance divisions — not to mention solid results in its capital markets segment, perhaps its fastest growing division, which may lead the bank to open itself up to more risk.

The bank's stock has been on a steady rise since the 2008 crash, and finally managed to break through its traditional price ceiling at the end of 2012. One thing to consider is the bank's dividend program, offering an annual payout of $3.00 with a yield of 3.5%. Although this is only the third most generous dividend program among the big six banks, Royal Bank of Canada's earnings record puts it ahead of the pack.

The rocketing airline

Next up is **WestJet Airlines Ltd.** (TSX: WJA), which has really come into its own over the past couple of years through top-notch financials and a steady string of expansions. This airline is reaping the rewards of decisions long ago to walk, not run, to the top of the industry. For example, in its last quarter, revenue took off by 10.3%, totaling $930 million, and earnings per share increased by 17.6%.

If you take into account the increased number of vacation routes being added to the U.S., Mexico, and

the Caribbean, and the stellar expansion of its discount carrier Encore, which has seen great success in western Canada and has now taken a foothold in the east, it looks like clear skies are ahead.

What sets WestJet apart from its Canadian competitor is that WestJet is the only one of the two that offers a dividend — one that is currently paying out $0.48 per year with a yield of 1.64%. This isn't the most ground-breaking yield, but WestJet makes this up by being the "fan favourite" among flyers who have been burned by its competitors.

I am railway

While one company mentioned above transports people, this guardian of your portfolio transports just about everything else. **Canadian National Railway Company** (TSX: CNR)(NYSE: CNI) has long held its place as the top Canadian rail company, and investors have enjoyed the ride, with the stock price going from $27.00 in August 2009 to a closing price Friday of $76.13, a rather impressive five-year run.

In the past quarter, the railway managed to post revenue of $3.1 billion, up from $2.6 billion during the same quarter last year. The company was able to post these double-digit growth numbers thanks to car loadings in the quarter increasing by 11% to 1.4 million.

Its two biggest cargo type increases were metals and minerals, which jumped 20%, and petroleum and chemicals, which rose by 17%. The company's dividend is now paying out $1.00 per year with a yield of 1.32%, compared to its competitor's $1.64 payout and 0.64% yield.

As long as there are goods to be transported, Canadian National will remain in a strong and secure position.

CATEGORY

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1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:RY (Royal Bank of Canada)
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