

## Your Instant 3-Stock Dividend Growth Portfolio

### Description

New investors looking to start a diversified dividend growth portfolio should consider **Bank of Montreal** ([TSX: BMO](#)) ([NYSE: BMO](#)), **Shaw Communications Inc.** ([TSX: SJR.B](#)) ([NYSE: SJR](#)), and **Potash Corp./Saskatchewan Inc.** ([TSX: POT](#)) ([NYSE: POT](#)) as their top picks.

When looking for great stocks to launch an investment portfolio, investors want to find companies with proven business models and a history of dividend growth.

Here's why I think Bank of Montreal, Shaw Communications, and Potash Corp./Saskatchewan are solid choices right now.

#### Bank of Montreal

Despite being Canada's oldest bank, Bank of Montreal is often overshadowed by its bigger and more popular competitors. Recently, however, investors have started to pay more attention to the company.

Bank of Montreal is diversifying its operations outside of Canada in order to take advantage of growth opportunities beyond the Canadian retail market. The company is betting heavily on the recovering U.S. economy as it expands its BMO Harris Bank operations in the U.S. Midwest.

It has also decided to grow its profitable wealth management business, recently acquiring F&C Asset Management in the U.K., giving it a strong presence both there and in mainland Europe.

BMO has paid a dividend to its shareholders every year for more than a century. It has increased the dividend four times in the past two years, and the current payout of \$3.12 per share yields about 3.7%.

#### Shaw Communications Inc.

Calgary-based Shaw Communications is a bit unique in Canada's media and communications industry because it does not have a mobile phone business. While some industry observers think this is a negative, I believe it is a strong reason for investors to buy the stock.

Rather than spending the \$1 billion required to battle **Rogers**, **Telus**, and **BCE** in the highly competitive mobile phone market, Shaw has invested instead in the fast-growing Internet storage industry. It recently spent \$1.2 billion to buy ViaWest, a data center company. The move positions Shaw well as it expands its technology offerings focused on mid-market companies.

Shaw also has a best-in-class portfolio of media assets that it distributes to its cable customers. It owns the Global Television network, Showcase, HGTV Canada, and History Television, as well as a host of other popular shows.

Finally, Shaw's latest venture with Rogers is very interesting for investors. If the new Shomi Internet streaming service succeeds in its bid to compete with **Netflix**, Shaw's free cash flow could rocket

higher in the coming years.

Shaw Communications has a history of increasing its dividend every year. The current distribution is \$1.10 per share and yields about 4%.

### **Potash Corp./Saskatchewan Inc.**

New investors looking for a long-term dividend growth stock should add Potash Corp./Saskatchewan to their portfolio.

The company primarily mines and sells one of the core crop nutrients needed by farmers around the world to improve crop yields. As global farmland disappears and the world's population continues to increase, Potash Corp. will reap the benefits.

Recent weakness in the global potash wholesale market has provided investors with a fantastic opportunity to buy the stock.

Potash Corp. pays its dividend in U.S. dollars and has raised the distribution from \$0.28 per share to \$1.40 per share in the past three years. The current payout yields about 4%. The company is at the end of a capital-intensive expansion phase, and investors should see even more free cash flow returned to them through higher dividend payouts in the next few years.

If you're looking to start a position in dividend-paying companies, or are hoping to provide some ballast to your existing portfolio, these three companies are certainly worth a good look.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:BMO (Bank of Montreal)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:SJR.B (Shaw Communications)

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