3 Dividend Stocks I'd Buy With $25,000

Description

What would you do with an extra $25,000?

For many, such a windfall would be squandered on ski vacations, new clothes, and fancy electronics. However, for those of us with a little discipline, $25,000 is a big enough sum to put a dent in any savings goal.

My favourite place to stash extra cash: dividend stocks. These are companies that actually pay you to own them, and a number of academic studies have shown that dividend-paying stocks outperform the market over the long haul. So with this theme in mind, here are three dividend-paying companies I'd buy with some extra cash.

1. RioCan Real Estate Investment Trust

RioCan Real Estate Investment Trust (TSX: REI.UN) gives you all the benefits of owning rental properties but without having to become a landlord. The fund's business empire includes some 331 properties totalling 79 million square feet of real estate, of which 97% is currently occupied.

This is how RioCan has been able to deliver such consistent, oversized rent cheques to its unitholders. Since this fund started paying investors in 1994, RioCan has never missed or lowered its total annual distribution. Remember, that time period includes three major recessions.

Today, RioCan pays investors a monthly distribution of 11.75 cents per unit. That comes out to an annualized yield of 5.4%.

2. Enbridge Inc.

Enbridge Inc. (TSX: ENB)(NYSE: ENB) is vital to your daily life, but I doubt you even know this company exists. It owns pipelines, terminals, and storage facilities across Canada and the United States. This infrastructure is used to ship and store crude oil, natural gas, and other hydrocarbons that are needed to power our modern society.

In return for moving and storing these commodities, Enbridge earns a fee, which it then passes on to investors. Since going public in 1953, the company has never missed a dividend payment to shareholders. Today, it pays an annualized dividend of $1.40 per share, which has been increased every year since 1996.

Don't be discouraged by the stock's meagre 2.5% yield. Thanks to booming shale oil production across North America, the number of barrels flowing through the company's network is increasing. That means investors can count on growing earnings (and dividends) in the years ahead.

3. Brookfield Asset Management Inc.

Brookfield Asset Management Inc. (TSX: BAM.A)(NYSE: BAM) has one of the most valuable portfolio of assets I have ever seen. It owns railroads in Australia, toll roads in South America, and shipping ports throughout Europe. I can think of only a few other companies (none of which are publicly traded) with such a stable collection of assets like this anywhere else in the world.

Best of all, Brookfield has a monopoly on many of these properties. No one can simply build a competing business. Because most of the company's revenues are regulated or under contract, Brookfield is practically guaranteed to earn a respectable return on investment.

For investors, that translates into safe, steady dividend income. Since the company started paying distributions in 1997, it has never missed or lowered its total annual payments to shareholders. I wouldn't count on that streak ending anytime soon.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BN (Brookfield)
4. TSX:ENB (Enbridge Inc.)
5. TSX:REI.UN (RioCan Real Estate Investment Trust)

Category

1. Dividend Stocks
2. Investing

Date
2025/09/16
Date Created
2014/09/16
Author
rbaillieul