3 Diversified Dividend Stock Picks for Long-Term Investors

Description

One well-known fact about investing is that dividend-paying stocks far outperform non-dividend-paying stocks over the long-term. This means that every long-term investor should own at least one dividend-paying stock, and depending on your age, maybe a diversified portfolio full of them.

However, you should not simply pick random stocks with questionably high yields and think they will lead you into early retirement. Instead, you want to invest in the highest quality companies with large and safe yields, that also have reputations for raising their dividends. Let’s take a look at three stocks that fit these criteria perfectly.

1. Royal Bank of Canada

Royal Bank of Canada (TSX: RY)(NYSE: RY) is Canada’s second largest bank by total assets and its stock currently pays a quarterly dividend of $0.75, or $3.00 annually, giving it a healthy yield of about 3.8%. The company is strongly dedicated to increasing this dividend, shown by its seven increases in the last four years, equating to a 42% increase since 2010. Here is a chart of the total dividends paid per share annually since fiscal 2010 and the confirmed payment in fiscal 2014.

Year	2010	2011	2012	2013	2014
Dividends Paid Per Share	$2.00	$2.08	$2.28	$2.53	$2.84

2. Telus Corporation

Telus Corporation (TSX: T)(NYSE: TU) is one of the “Big 3” telecommunications companies in Canada and its stock currently pays a quarterly dividend of $0.38, or $1.52 annually, giving it a yield of 3.9% at today’s levels. Like Royal Bank of Canada, Telus has shown a strong dedication to increasing its dividend; in fact, in May 2011, the company stated that it planned to increase its dividend by 10% or more annually through 2016. Telus has delivered on this promise so far by increasing its dividend by 52% since fiscal 2010. Here’s a chart of the total dividends paid per share annually since fiscal 2010 and the projected payment in fiscal 2014.

Year	2010	2011	2012	2013	2014 (estimate)
Dividends Paid Per Share	$1.00	$1.1025	$1.22	$1.36	$1.52

3. Cineplex Inc.

Cineplex (TSX:CGX) is Canada's largest owner and operator of movie theatres and it currently pays a monthly dividend of $0.125, or $1.50 annually, giving it a yield of about 3.65% at current levels. Like the other two companies we have discussed, Cineplex has also shown a dedication to maximizing shareholder returns by raising its dividend each of the last four years by an average of over 4%. Here is a chart of the total dividends paid per share annually since fiscal 2010 and the projected payment in fiscal 2014:

Year	2010	2011	2012	2013	2014 (estimate)
Dividends Paid Per Share	$1.26	$1.28	$1.33	$1.41	$1.48

Should you invest in one of these dividend dynamos today?

Royal Bank of Canada, Telus, and Cineplex all have very large and safe dividends, and their stocks trade at inexpensive valuations based on forward earnings estimates, making for three great investment opportunities. To all of you long-term investors, take a closer look at your portfolios and consider buying one of these stocks to add yield and further diversify your holdings.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TU (TELUS)
3. TSX:CGX (Cineplex Inc.)
4. TSX:RY (Royal Bank of Canada)
5. TSX:T (TELUS)

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