



Why All Retirees Should Own Canadian Natural Resources Limited Stock

Description

For those in or close to retirement, **Canadian Natural Resources Limited** ([TSX: CNQ](#))([NYSE: CNQ](#)) is the perfect investment. One great characteristic of the company is that it pays dividends with a fairly impressive yield. Another is that it is a proven performer when it comes to growing its stock value. These two characteristics can be rare to find together, but are necessary for retirees who need to generate monthly income while growing the wealth they have already accumulated.

Healthy, sustainable dividend payments

Retirees need a stable, consistent monthly income. While it may seem attractive to go out and buy the company with the highest dividends, it is equally important to ensure that that dividend is at the very least sustainable but preferably has a chance to grow. Canadian Natural Resources pays a \$0.22-per-share quarterly dividend, and the annual yield is 2.32%. While this may not be the largest dividend for an energy company, it's a dividend investors can bank on. Canadian Natural Resources has increased its dividend every year since its introduction in 2001. For the first half of the year, Canadian Natural Resources' payout ratio was 30%, well below the key 75% threshold of a sustainable dividend. Not only is this dividend easily sustainable, but increases in the future are likely. The company has more than doubled its dividend over the past two years.

Consistent stock performance

A good dividend payment means nothing to retirees if the company's stock declines year after year, causing the investor to lose money on his initial investment. While no stock is immune to economic cycles, Canadian Natural Resources has proven itself over time as a consistent performer. In fact, over the past 10 years the stock has appreciated by 225%!

Canadian Natural Resources asset structure is what affords the company such a healthy performance. It is well known as *the* low-cost Canadian oil sands producer, a status it has obtained by pursuing long-life, low-decline assets. In addition, it owns an excellent asset mix that includes natural gas, heavy and light crude oil, and natural gas liquids. This diverse asset base extends the type of economic environments in which Canadian Natural Resources can profit.

Another value-adding fact about Canadian Natural Resources is its share buybacks. In the first half of the year, it bought and cancelled 8 million of its shares, another way that the company returns cash to shareholders.

Final thoughts

Canadian Natural Resources is the poster child for the type of stock retirees should be buying. Its growing dividend, its action of returning cash to shareholders, and its consistent stock performance combined with its potential for future performance are exactly what retirees need in an investment.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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2. TSX:CNQ (Canadian Natural Resources Limited)

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