Yawn All the Way to the Bank With These 2 “Boring” Dividend Stocks

Description

There are certain events in your life that are meant to be exciting. Depending on your idea of a good time, they could range anywhere from watching your favorite team win a close game to jumping out of an airplane.

Investing is not one of those things.

As much fun as it is to wake up to news that one of your stocks has surged 10%, 20%, or even 30%, if you’re regularly investing in that stuff, chances are you’re doing it wrong. That kind of volatility is rarely the way to build long-term wealth. Remember, stocks that regularly make huge moves up also tend to make huge moves down.

Instead, investors should opt for the more boring approach of buying solid companies with a history of paying steady dividends. It might not be as flashy, but it’s likely a more realistic plan to build the kind of wealth that will someday fund your retirement.

Here are two “boring” stocks that investors should take a closer look at.

RioCan REIT

There aren’t many stocks that are more consistent performers than **RioCan Real Estate Investment Trust** (TSX:REI.UN), Canada’s largest owner of retail space with more than 80 million square feet worth of space.

The big attraction of RioCan has to be its diversification. With the recent announcement that **Target** was closing its Canadian operations, RioCan looked to be in a weak position since it was the company’s largest landlord. But while Target’s closure did affect RioCan, the fact is Target accounted for less than 2% of its gross rent and those leases were guaranteed by the company’s U.S. parent. The stock has since moved higher than it was before the announcement, making a new 52-week high in the process.

RioCan is a great place to invest during a prolonged low interest rate environment. Shares currently yield 4.9%, easily beating a five-year Canadian bond, which is currently flirting with record lows at under 1%. Plus, RioCan has the ability to grow that distribution as it passes on increased rent to tenants. It also has a robust development portfolio that will add to the bottom line during 2015 and 2016.

Telus Corporation

I've often said some of the best businesses are those that offer customers a product they just can't do without. On that theme, there isn't much more necessary to modern life than wireless service, internet, and television, at least for those of us who have to make a physical effort to move away from our screens.

In that sector, the obvious choice is **Telus Communications** (TSX:T)(NYSE:TU), which has done a terrific job with its operations over the last couple years, particularly its wireless division. The company has managed to not only steal customers from its competitors, but also manage to hold on to more as well. This leads to subscriber growth that the other incumbents just can't match.

Plus, since Telus is such a new entrant to the television space, it continues to grow that part of its business while competitors are facing a future of slowly declining numbers because folks are choosing to cut the cord and go without cable. The company currently has 888,000 television subscribers, which is growing by more than 10% a year.

Plus, Telus pays a 3.75% current dividend that has increased more than 50% than 2009. That's a great combination of current yield and dividend growth.

Neither RioCan or Telus will likely be acquired or be forced to fight off an activist shareholder. Which is exactly the way investors should like it. Save the exciting stuff for other parts of your life, not investing.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:T (TELUS)

Category

1. Dividend Stocks
2. Investing

Date
2025/08/27
Date Created
2015/01/22
Author
nelsonpsmith