5 Dividend Titans to Buy Now

Description

Investor sentiment swings between “stock prices will always go up” and “the word is coming to an end”—but the economy tends to take the boring middle route.

Last month investors fretted over low oil prices. Next month they’ll obsess over a Greek debt default.

For those who have forgotten Black Monday, the tech bust, the Great Recession, and the European debt crisis, today’s problems seem like scary, uncharted territory. But if the world made it through the Depression, two world wars, and the OPEC oil embargo, it’s unlikely to end now.

So, if the world goes down the boring middle path, what should you do with your money? You could do worse than bet on dividends. The theory is that even if the capital appreciation side of stocks spins its wheels, dividends can still carry you along with respectable returns.

The good news is that the recent drop in equity prices has turned some traditional dividend payers into cash cows. Here are five:

Stock	Current Yield	Market Cap
Canadian Natural Resources	2.3%	$44.3B
Emera Inc.	3.9%	$6.0B
Bank of Montreal	4.2%	$49.7B
Rogers Communications Inc.	4.5%	$22.3B
BCE Inc.	4.8%	$18.1B

Source: Google Finance

Let’s say a few words about these companies.

Emera Inc. (TSX:EMA) is easy to wrap your head around. It’s a well-run power company serving Maine and eastern Canada. Folks pay their power bills and you get a dividend. It’s stable, simple, and profitable. If business stalls, utilities like Emera will provide some of the best returns around.

The story at the **Bank of Montreal** (TSX:BMO)(NYSE:BMO) hasn't changed in decades. The company borrows money cheaply from depositors and then lends it out at a higher rate. And thanks to good old fashioned Canadian conservatism, BMO has never missed a single dividend payment to shareholders since 1829. Today this stock pays out 4.2%, which is seriously attractive compared to the 1.4% yield on a 10-year government bond.

Canadian Natural Resources Limited (TSX:CNQ)(NYSE:CNQ) is probably the most controversial name on this list. The company is easy to disregard because of the turmoil in the energy market. However, CNRL is just wrapping up construction on its flagship Horizon oil sands project and the energy giant is now gushing profits.

Most of that extra cash will be returned to shareholders through dividends and buybacks. CNRL toiled for years developing this mine. Now is the time to sit back and enjoy the hard work.

Finally, **BCE Inc** (TSX:BCE)(NYSE:BCE) and **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) both churn out some of the highest dividends around. However, they're both also looked down upon because everyone knows future earnings growth will be meager at best.

Then again, no one earning a 5% yield should expect much in the way of earnings growth. You're getting a dividend and not much else. But shareholders who sit around patiently reinvesting their distributions will easily beat most other investors as the years tick by.

It's a wonderful thing to watch.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:CNQ (Canadian Natural Resources)
4. NYSE:RCI (Rogers Communications Inc.)
5. TSX:BCE (BCE Inc.)
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Author
rbaillieul