



2 Dividend-Growth Stocks for New Investors

Description

New investors often make the mistake of buying “trendy” companies.

Catching a stock at the start of its run can certainly bring big rewards, but most of the time that happens before the company is recognized as a star. Inexperienced investors often arrive late to the party and can get burned as a rally fades and the professionals move on to the next big thing.

This is why it is so important to look beyond the hype to see if your top picks are solid long-term growth stocks that can be held for decades, not weeks or months.

With this in mind, here's why I think beginners should consider **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) as solid picks to anchor their portfolios.

TransCanada Corporation

TransCanada's fate is tied to the energy sector, but it does not rely on commodity prices to make its money. The company simply builds the infrastructure needed to move the oil and gas from the producers to their customers.

Oil and gas production might be slowing down in some of the high-cost shale plays, but overall output in Canada and the U.S. is still robust and TransCanada is seeing strong demand for new pipelines and storage facilities.

The company expects to complete \$12 billion in new pipelines over the next three years, and another \$34 billion of commercially secured projects is in development. As new assets go into service, cash flow increases and the company increases the dividend in step with the earnings growth.

The stock currently trades at a reasonable 20 times forward earnings and pays a dividend of \$2.08 per share that yields about 3.8%.

Bank of Montreal

Canadians always complain about bank fees, and they should, but those fees are exactly the reason people should own bank stocks as a part of their dividend portfolios.

Financial institutions are always looking for creative ways to increase revenues and diversify their earnings streams. In Canada they have been doing this successfully for nearly two centuries.

Bank of Montreal was established in 1817. The institution has survived every major economic catastrophe the world has seen in the past 200 years and has paid investors a consistent annual dividend since 1829. That's a track record worth investing in.

A growing U.S.-based operation gives Bank of Montreal a good hedge against any weakness that might hit the Canadian market in the coming years. The bank is also putting a stronger emphasis on its profitable wealth-management segment.

Bank of Montreal trades at an attractive 10.8 times forward earnings and pays a dividend of \$3.20 per share that yields 4.2%.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:TRP (Tc Energy)
3. TSX:BMO (Bank Of Montreal)
4. TSX:TRP (TC Energy Corporation)

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Date

2025/09/13

Date Created

2015/05/19

Author

aswalker

default watermark