

3 Great Dividend Stocks to Set Your Sights on

Description

Whether you just opened your first brokerage account or have been investing for years, you must own at least one dividend-paying stock, because they far outperform non-dividend-paying stocks over the long term. With this in mind, I've scoured the market and selected one large cap, one mid cap, and one small cap that have high yields and active streaks of annual increases, so let's take a quick look at each to determine which would fit best in your portfolio.

Large cap: Fortis Inc.

Fortis Inc. ([TSX:FTS](#)) is one of the largest electric and gas utilities companies in North America, serving customers in Canada, the United States, and the Caribbean. It pays a quarterly dividend of \$0.375 per share, or \$1.50 per share annually, which gives its stock a yield of about 3.75% at today's levels.

Investors must also make two important notes.

First, Fortis has raised its annual dividend payment for 43 consecutive years, tying it with **Canadian Utilities Limited** for the longest active streak for a public corporation in Canada, and its 10.3% hike in September 2015 has it on pace for 2016 to mark the 44th consecutive year with an increase.

Second, the company has an annual dividend-growth target of 6% through 2020.

Mid cap: Industrial Alliance Insurance and Financial Services Inc.

Industrial Alliance Insur. & Fin. Ser. ([TSX:IAG](#)) is one of the leading providers of financial products and services in Canada, including life, health, auto, and home insurance. It pays a quarterly dividend of \$0.30 per share, or \$1.20 per share annually, which gives its stock a yield of about 3.2% at today's levels.

Investors must also make two notes.

First, Industrial Alliance has raised its annual dividend payment for two consecutive years, and its 7.1% hike in June 2015 has it on pace for 2016 to mark the third consecutive year with an increase.

Second, the company has a medium-term target dividend-payout range of 25-35% of its net earnings, so I think its consistent growth will allow its streak of annual dividend increases to continue going forward.

Small cap: Premium Brands Holdings Corp.

Premium Brands Holdings Corp. ([TSX:PBH](#)) is one of North America's leading producers, marketers, and distributors of branded specialty food products. It pays a quarterly dividend of \$0.345 per share, or \$1.38 per share annually, which gives its stock a yield of about 3% at today's levels.

Investors must also make two notes.

First, Premium Brands has raised its annual dividend payment for three consecutive years.

Second, I think its increased amount of free cash flow, including its 50.9% year-over-year growth to \$61.4 million in its 39-week period ended on September 26, 2015, will allow it to announce a dividend hike when it announces its fourth-quarter earnings results on March 10.

Should you buy one of these dividend stocks today?

Fortis, Industrial Alliance, and Premium Brands are three of the most attractive dividend-paying investment options in their respective industries and market-cap classes. Foolish investors should strongly consider making one of them a core holding today.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:FTS (Fortis Inc.)
2. TSX:IAG (iA Financial Corporation Inc.)
3. TSX:PBH (Premium Brands Holdings Corporation)

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