2 Top Dividend Picks for Any Portfolio

Description

Dividend-paying investments can be some of the most rewarding and satisfying investments to own, offering investors a near toll-booth-collector-like experience.

This is particularly true when investing over the longer term, when both reinvested dividends and compounding can lead to truly great returns.

That being said, here's a look at two of the best dividend-paying companies to add to your portfolio.

Canadian Utilities Limited

Alberta-based **Canadian Utilities Limited** (TSX:CU) is a utility company with over 5,500 employees and assets in excess of $18 billion. The company primarily serves the north and central-east of Alberta, the Yukon, the Northwest Territories, and Australia.

Utility companies are unique investments in that they offer a required service at a typically guaranteed, regulated rate. This translates into guaranteed revenue for the company, and, by extension, a fairly safe investment that can prove to be extremely profitable over the long term.

Canadian Utilities currently holds the crown for 44 consecutive years of dividend increases. The current quarterly dividend pays out $0.32 per share, which gives the stock a respectable 3.53% yield given the current stock price of $36.85. Another factor to keep in mind is that the dividend-growth rate for Canadian Utilities has averaged over 9% in the past five years.

In terms of results, in the most recent quarter Canadian Utilities reported adjusted earnings of $131 million–an increase over the $101 million posted for the same quarter last year.

Canadian Western Bank

While **Canadian Western Bank** (TSX:CWB) may not register as one of the Big Six banks of Canada, there are more than a few reasons to consider investing in the Edmonton-based bank, one of which is the impressive dividend.

Canadian Western Bank's dividend currently stands at $0.23 per share, which results in an impressive 3.69% yield given the current stock price of just under $25. Even more impressive is the fact that Canadian Western has raised that dividend for an impressive 24 years straight.

Canadian Western experienced a drop in earnings in the most recent quarter, posting $45.6 million in net income, down by 11% over the same quarter last year. Earnings dropped by 8% for the quarter, coming in at $0.60 per share. Much of this drop can be attributed to the overall slowdown in the economy and the fact that Canadian Western is not as diversified as the Big Six.

There are two important points to make when considering investing in Canadian Western.

First, despite being a bank focused on western Canada, Canadian Western's exposure to both the oil industry and the overheated real estate market isn't as significant as many would believe; just 2% of the bank's total loans under management fall into the oil and gas sector, and the bank's mortgage exposure to British Columbia represents just 4% of loans under management.

Second, Canadian Western is making efforts to diversify into other areas and regions of the economy. The acquisition of both Maxium Financial as well as the Canadian Franchise Finance business from **GE Capital** are set to expand the bank's reach into the eastern parts of the country.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:CWB (Canadian Western Bank)

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/07/30
Date Created

2016/09/22
Author
dafxentiou