



Diversify Your Portfolio With These Overlooked Greats

Description

When it comes to selecting dividend stocks to add to your portfolio, there's no shortage of options in the market. Even better, there are some great income-producing options that are outside the well-known financial, REIT, and telecom segments of the economy.

Here's a look at a few companies you may want to diversify your portfolio with.

Leon's Furniture Ltd. ([TSX:LNF](#)) is one of the oldest and largest retailers in Canada. The furniture store may seem like an unlikely investment option, but Leon's results speak for themselves.

In the most recent quarter, Leon's posted system-wide sales of \$704 million, surpassing the \$670 million posted in the same quarter last year. Leon's realized revenues of \$588 million for the quarter — a 5% increase over the \$560 million reported in the same quarter last year. In terms of earnings, Leon's reported adjusted diluted earnings per share of \$0.43 for the quarter — a full 10.3% better than the \$0.39 per share reported last year.

Leon's provides investors with a sustainable quarterly dividend of \$0.12 per share, which translates into a respectable 2.8% yield. In terms of growth, the stock has averaged approximately 8% over the past five years.

Leon's currently trades for just over \$16.75 and has a P/E of 16.29.

Pizza Pizza Royalty Corp. ([TSX:PZA](#)) is another great pick for investors hungry for dividends. Pizza Pizza is the largest pizza chain in the country; it owns both the Pizza Pizza and Pizza 73 brands.

Food stocks are generally good investments — people do have to eat, but there are three interesting reasons that set Pizza Pizza apart from others, making the company a truly great investment.

First, Pizza Pizza is the largest chain in the country, but it's still nowhere near saturated. In fact, the over 750 locations the company has only span a half-dozen provinces, and the distribution of those locations is weighted heavily to the Ontario-Quebec corridor. In other words, despite being the biggest pizza chain, there is still a massive opportunity for growth.

Second, Pizza Pizza pays a great dividend. The \$0.0713 monthly dividend may seem more akin to a REIT than a food chain, but that's not the case here. Investors will find the 4.93% yield not only as appetizing as the pizza the company serves, but they'll see that the dividend is a great growth vehicle.

Performance is the third reason to love this stock. Unlike other stocks that may have a seasonality aspect to them, pizza is good year-round, and the company is well known for aggressively pushing products across multiple fronts. Over the course of the past year, the stock is up by over 25%, and over the past five years, Pizza Pizza is up over 84%.

Pizza Pizza currently trades or \$17.35 and has a P/E of 20.07.

National Bank of Canada ([TSX:NA](#)) often flies under the radar, particularly in relation to the bank's larger peers. The nation's sixth-largest bank has a lot to offer investors, such as a great dividend and intriguing growth prospects.

On the dividend front, National pays a quarterly dividend of \$0.56 per share, which amounts to an impressive yield of 4.05%. Just like National's larger peers in the Big Five, that dividend has risen steadily over the past few years, and there's little reason for it to stop.

In terms of growth prospects, this is where National really starts to shine. Management has a set a goal of becoming one of the top three investment banks in the country within the next six years; while it's a difficult goal, it's not entirely out of the realm of possibility.

The bank is already diversified into a handful of countries, but expansion into other international markets seems likely as National looks to become more competitive with its larger peers.

National currently trades at just over \$55 and has a P/E of 14.01.

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