Retired? 3 Stocks You Might Want to Buy

Description

For those of you that have been living under a rock for the past 20 years, you may never have heard of Warren Buffett — arguably the most successful investor of all time.

When asked to give sage advice to young, would-be investors, Buffett replied that the first rule of investing is "don't lose money."

When asked if there were any other rules investors should know about, Buffett calmly responded, "don't forget rule number one."

Retirees in particular are prone to the dangers of losing what Buffett refers to as "precious capital" that has been put up to purchase an investment.

Capital drawdowns, or losses, directly impact the capital that can be withdrawn from a retiree's account to pay for daily expenses, gifts, or even healthcare needs.

This risk is especially relevant when investors pursue high-yielding stocks which, indeed, pay a higher distribution today but, in the process, may be eroding the company's value in the process.

Yet a careful search reveals these three stocks that pay reasonable dividend yields, but they also operate in what are reasonably stable industry environments, meaning the risk of losing precious capital will be, relatively speaking, a more rare occurrence.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

Generally speaking, the Canadian banks as a whole are a solid idea when considering a safe place to park your money, especially for those on a fixed income.

Among that bunch today, CIBC offers the most attractive investing profile.

CIBC has the highest dividend yield among the "Big 5" Canadian banks, but what's more, the company also has the highest return on equity and lowest payout ratio, which means CIBC has the greatest potential to grow the dividend heading forward.

If you're looking to make a purchase in one of the Canadian banks, and especially if you are a dividend investor, CIBC is probably the best bet today.

Saputo Inc. (TSX:SAP)

Saputo is one of the largest dairy processors in North America and has operations in Australia and Argentina.

The nice thing about investing in Saputo shares is that the company's performance will be relatively stable in good times and bad — people aren't going to suddenly stop buying cheese, after all.

This is especially important considering that today, SAP shares trade at 19 times forward earnings, which doesn't exactly meet the definition of "cheap."

The dividend yield isn't exactly a bargain at 1.43% either, but the company has strong and stable returns on equity, coupled with a payout ratio near 30%, meaning there is a solid runway to dividend increases for at least the next few years.

Enbridge Inc. (TSX:ENB)(NYSE:ENB)

Enbridge has been paying dividends for many years now.

Shares yield 4.30% today, which is certainly nothing to sneeze at, but it's the capital gains in the company's stock that have been filling investors coffers.

Shares have increased more than three-fold since the Financial Crisis as the company has managed to increase its sales by, on average, more than 10% per year over that period.

While 2016 was a difficult year for the company, it appears things are back on track again with Q2 sales topping a 27% gain over the year-ago period.

Shares recently broke above the 200-day moving average, indicating "bullishness" in the stock and suggesting the time to buy ENB shares may be now.

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3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:ENB (Enbridge Inc.)

5. TSX:SAP (Saputo Inc.)

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