How to Make Sure You Have More Than Enough Money for a Lifetime

Description

If you spend less than you earn every month, you will save consistently. Taking it further, you can invest those savings to get your money to make more money for you.

If you invest in dividend-growth stocks, you can eventually build a diversified income portfolio, which will generate enough income for your needs. It’s not difficult to find stocks that offer safe yields of +4%.

Here are two that fit that criterion and are attractively valued today.

Energy infrastructure stock with a ~4.6% yield

Many stocks in the energy infrastructure industry have dipped due to weak energy prices. **Keyera Corp.’s** (TSX:KEY) primarily fee-for-service-based business produces and processes natural gas, fractionates, transports, stores, and markets natural gas liquids.

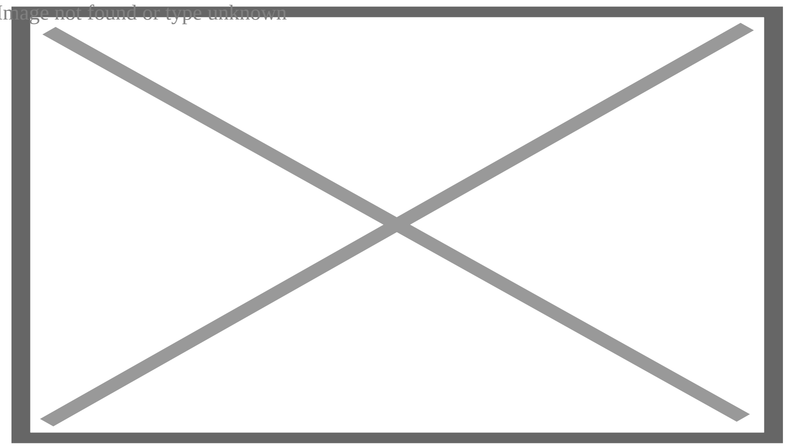
The stock has dipped about ~16% from its 52-week high and now trades near its 52-week low. The ~$35-36-per-share level is where Keyera’s support has been since late 2014. So, now is not a bad time to buy some shares of the company.

Keyera’s debt/cap ratio of 48% is reasonable, and it offers a yield of ~4.6%. Its dividend is sustainable, as its payout ratio year to date is ~66% of its distributable cash flow. Keyera’s three-year dividend-growth rate is 10.8%.

With its Norlite diluent pipeline now online, Keyera is ready to invest in other projects and expects to add incremental cash flows over the next one to two years, which should support higher dividends (and higher share prices if the market cooperates).

Thomson Reuters has a mean 12-month target price of $44.30, which represents upside potential of ~22% and near-term total returns potential of ~27%.

Image not found or type unknown



Growth stock with a ~4.4% yield

Cineplex Inc. (TSX:CGX) could experience some very nice growth in the next few years as it invests in the business on multiple fronts.

It has a leading position in the Canadian box office market — ~78% of market share. It now offers some premium seating options, including 3D, AVX, D-BOX, and VIP, in some of its theatres.

Additionally, since late last year, Cineplex has opened three locations of The Rec Room, which offer dining, live entertainment, and amusement gaming experiences all in one place. A fourth one is on its way.

Topgolf is planning to open venues for entertainment, socializing, and golf in any season across Canada for the next few years. And Cineplex will be the exclusive partner to manage the day-to-day operations of these locations.

After the strong dip in the shares, Cineplex is attractively valued for long-term growth. It also offers a safe yield of 4.4%. Reuters has a mean 12-month target price of $48.90, which represents upside potential of ~28% and near-term total returns potential of ~32%.

Investor takeaway

You can’t run out of money if you spend less than you earn. Investing extra savings in businesses you believe in at attractive valuations will generate handsome gains over time.

Between Keyera and Cineplex, investors buying the same amount in each stock can get a combined yield of ~4.5%. More importantly, both stocks look undervalued and have growth potential, which should lead to dividend growth and price appreciation over time.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:KEY (Keyera Corp.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/08/10
Date Created
2017/09/08
Author
kayng