Retired? These Stocks Offer Dividend Safety and Capital Appreciation of More Than 20%!

Description

For many retired investors, the main source of both income and market returns come in the form of dividends from lower-risk securities. Although this approach has worked very well for investors over the past decade, there have also been many occasions when investors had the opportunity to increase their returns by selecting a security with above-average potential without necessarily giving up the dividend yield.

In the case of almost any one of Canada's biggest banks, the total returns over the past five to 10 years have come in the form of dividends (upwards of 5% per year) and capital appreciation. As Canada's biggest companies have increased profits, the share price and dividend yield has also increased along the way. In the case of **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), shares have increased by approximately 44%, while the total dividend return offered is almost a 20% return since the beginning of the 2014 fiscal year.

With many investors already reaching the maximum allocation of Canadian financials, looking for value elsewhere is key. Currently, shares of **Inter Pipeline Ltd.** (TSX:IPL) offer a dividend yield of approximately 6.7%, as shares have moved sideways for close to two years. With low oil prices going on for more than that time, many investors are turning the other cheek on shares of this pipeline. As strange as it sounds, either higher oil prices or even a cut in the dividend could be a catalyst for the share price to move significantly higher. For the past 18 months, the company has paid out 48% of cash flow from operations (CFO) in the form of dividends.

Outside the oil sector, shares of **Intertape Polymer Group** (TSX:ITP) currently offer investors a dividend yield of almost 3.75%, as shares of this adhesive manufacturing company have finally declined in value following an incredible multi-year run. Moving from less than $7 per share in 2012 to more than $25 in late 2016, the current price of $18.50 per share is a bargain, as the payout ratio is no more than 69% of earnings for this defensive name.

With major investments already made into property, plant, and equipment (PP&E) over the past several years, the company is now in prime position to begin the next leg upwards as free cash flow has increased in a more consistent manner that net profits. Over the next five years, patient shareholders will make substantial profits from this name.

The last name for investors to consider when searching for steady dividends and overlooked upside potential is **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG), which, at less than $10 per share, is the highest risk and reward proposition of the group. Although shares have already rallied by more than 15% over the past month, the current yield remains at 3.7%. With the dividend representing 15% of CFO, shareholders may just find a solid dividend yield with huge upside potential hiding in plain sight.

CATEGORY

1. Dividend Stocks

2. Investing

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