3 Big Dividend Stocks That Can Outperform

Description

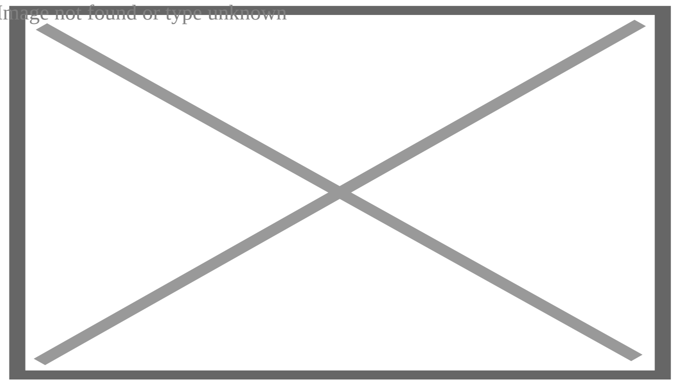
You've got to do something different from the crowd in order to outperform. Warren Buffett would say "be fearful when others are greedy and greedy when others are fearful."

When most others are buying a stock, the stock is probably bid up to expensive levels. When they're are selling a stock, the stock may become attractive.

The hard part, of course, is sticking to your decision of not buying a bid-up stock when it continues going higher to irrational levels, or holding, or even buying more, when an attractive stock keeps on falling like a rock.

The following stocks have been unloved recently and can outperform in the next few years.

Image not found or type unknown



Canadian Utilities Limited (TSX:CU) is largely a regulated utility. The stock is a few percentage points under the water compared to where it was a year ago.

The recent combination of a ~14% dip and a 10% dividend hike is an excellent opportunity for buyers. Investors can now grab shares at a nearly 4.4% yield, which is rare for the stock.

Canadian Utilities generates about 93% of regulated earnings. So, its earnings and growth are largely predictable. The utility takes the top spot in having the longest streak of growing dividends among publicly traded Canadian companies.

Cineplex Inc. (TSX:CGX) realizes it can't rely only on theatre goers. So, it has been and diversifying away from the theatres into other areas of entertainment and food. Its investments include building locations of The Rec Room, Playdium, and Topgolf.

In the last reported quarter, Cineplex had about 76% of the box office market share. With the investments that it's making, it plans to reduce that exposure to 40% or less. However, it's going to take time — perhaps a few years.

The fact is that the stock has acted like a falling knife by dropping +40% in the last 12 months. Cineplex can make a comeback, but it could take a few years. In the meantime, it offers a yield of nearly 5.5%, as of the most recent quotation of $30.70 per share.

Altagas Ltd. (TSX:ALA) is another company that's transforming. Specifically, it's in the midst of making a transformative acquisition, which will allow its enterprise value to surpass that of **Inter Pipeline**, after which it'll have better access to capital to grow the business.

Management believes the transaction will allow the company to grow its dividend by 8-10% per year from 2019 to 2021. If so, Altagas's already attractive yield of 7.5% will jump to at least 9.4% by 2021! Since the average market returns is 7-10%, you're pretty much guaranteed market returns.

What will you do differently from the crowd today?

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CGX (Cineplex Inc.)
3. TSX:CU (Canadian Utilities Limited)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/08/06
Date Created
2018/01/24

Author
kayng