5 More Stocks to Climb the Dividend Ladder

Description

Almost a year ago to the day, I built a portfolio of five stocks to own that climbed a dividend ladder yielding 1% through 5%. I thought I'd first revisit how the 2017 version performed and then create a newer, shinier version for 2018.

Thankfully, the TSX didn't have nearly as good a year as the S&P 500, or the pickings would be slim.

Here is the performance of last year's version of climbing the dividend ladder.

Company	Original Yield	One-Year Return
Stella-Jones Inc. (TSX:SJ)	1%	28.7%
Fairfax Financial Holdings Ltd. (TSX:FFH)	2%	10.2%
Cineplex Inc. (TSX:CGX)	3%	-38.4%
Enbridge Inc. (TSX:ENB)(NYSE:ENB)	4%	-9.7%
Exchange Income Corporation (TSX:EIF)	5%	-14.1%

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Source: Morningstar.ca

Not very good at all

Climbing the dividend ladder in 2017 amounted to a whole lot of pain. I'm not sure that if I saw these stocks in someone else's portfolio at this time last year, I would have said anything other than complimenting them on a nice group of holdings.

In hindsight, we know that Cineplex had a miserable year with box office duds aplenty, leading to lower-than-expected earnings and concerns that moviegoers were opting for other forms of entertainment. I've seen this movie before, and it always ends well.

The other two stocks that saw losses over the past year were down for different reasons.

Exchange Income is the owner of some small regional airlines and manufacturing businesses based in Winnipeg. Short seller Marc Cohodes, whose claim to fame is betting against **Home Capital Group Inc.**, wagered that the company's stock would crater when it stopped paying its dividend due to its high levels of debt.

Its business appears to have recovered nicely and could be a repeat pick in the 5% yield category. Stay tuned.

As for Enbridge, its story is also one of high debt and rising interest rates taking the wind of its sails in a year that saw the energy infrastructure company complete a $30 billion acquisition in the U.S. This too could make the 5% yield category.

So, although three of the five stocks had declining share prices in the past year, I'm confident these five stocks will have rebounded nicely by this time next year.

So, on with the picks for this year's version of the dividend ladder.

1% yield

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Lassonde Industries Inc. (TSX:LAS.A) is a Quebec manufacturer of fruit juices. It's been a favourite of my mine for some time. It currently yields just under 1%. Shareholders of Lassonde have achieved a five-year annualized total return of 27.5%. I continue to expect good things in 2018 and beyond.

2% yield

Although it yields a tad above 2%, **New Flyer Industries Inc.** (TSX:NFI) continues to deliver significant results for shareholders, and I can't imagine why that's going to stop with CEO Paul Soubry at the helm. Recently, NFI stock took a step back, losing 6% of its value in early November. It's since regained all of those losses. If there's a stock to buy on dips, this is it.

3% yield

While I'm not a huge fan of **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI), I do think CEO Joe Natale will bring more business savvy to the wireless and cable operator. Selling the Blue Jays to Maple Leaf Sports & Entertainment (MLSE), and then MLSE taking all its sports properties public would be a massive IPO that Canadian investors would rally around. There are those that think Rogers will sell the Jays, and those that don't. Either way, you've got the 3% dividend yield to fall back on.

4% yield

At 4.11%, **First Capital Realty Inc.** (TSX:FCR) just might be the best real estate stock to own on the TSX. It's got some exciting projects on the go in urban parts of the country. I see it continuing to outperform competitors such as **RioCan REIT** in 2018 and beyond.

5% yield

I was tempted to go with Exchange Income as a repeat performer, but instead, I'll go with **IGM Financial Inc.**

(TSX:IGM), which appears to be working at streamlining operations to reduce costs, which the company can pass on to customers by lowering investment management fees. Fool contributor Joey Frenette recently said he wouldn't touch IGM's stock with a barge pole because it's so toxic. The company has its issues, but toxic it's not.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:CGX (Cineplex Inc.)
4. TSX:EIF (Exchange Income Corporation)
5. TSX:ENB (Enbridge Inc.)
6. TSX:FCR.UN (First Capital Real Estate Investment Trust)
7. TSX:FFH (Fairfax Financial Holdings Limited)
8. TSX:IGM (IGM Financial Inc.)
9. TSX:LAS.A (Lassonde Industries Inc.)
10. TSX:NFI (NFI Group)
11. TSX:RCI.B (Rogers Communications Inc.)
12. TSX:SJ (Stella-Jones Inc.)

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