These 3 Dividend Stocks Will Outperform the TSX in 2018

Description

Now in the ninth year of the current bull market, and with market averages at or near all-time highs, quality has become as important as ever.

In times of stress and panic, investors historically flock to blue-chip names that will stand a better chance of surviving a market downturn. That's because these companies have defensive business models that aren't so reliant on touch-and-go factors, like consumer sentiment.

These three companies have consistently raised their dividends over the past 10 years with all three currently offering yields above 3%, making them the ideal candidates to outperform the market over the next 12 months as investors demand defensiveness from their investments.

Cineplex Inc. (TSX:CGX)

Over the past year, Cineplex has fallen victim to some temporary sluggishness at the box office.

Some have speculated that Hollywood had run out of original movie ideas or that millennials simply aren't interested in a night out at the movies like past generations.

But the recent success of **Walt Disney Co.'s** *Black Panther* appears to have put those fears firmly in the rear-view mirror.

The markets recent overreaction to a couple of major blockbuster flops has thankfully put this 5.33% yield company on sale at a great price.

Suncor Energy Inc. (TSX:SU)(NYSE:SU)

Suncor is a beacon of strength in the Canadian oil sands.

Once a key holding of Warren Buffett's **Berkshire Hathaway Inc.**, the company has managed to increase its dividend in each of the past 10 years, while almost all of its peers were cutting theirs.

The latest dividend hike for Suncor's shareholders came in February, when the board of directors announced it was raising the quarterly payout from $0.32 to $0.36 — an impressive 12.5% increase for a company that already yields 3.43%.

Royal Bank of Canada (TSX:RY)(NYSE:RY)

Royal Bank is Canada's largest retail bank and is, in fact, the single largest holding in the TSX Composite, nudging out rival **Toronto-Dominion Bank** for top spot.

Royal Bank has made a big push since the 2008-09 financial crisis to secure a bigger piece of the pie in terms of the global wealth management market.

The company now has a large foothold in Europe, which will help investors if the Canadian economy ends up taking a turn for the worse.

Royal Bank just raised its quarterly dividend by 4.5% on top of its already 3.6% yield.

However, given the heightened level of consumer debt held by Canadian households at the moment, this may be one that could look even better later in the year.

Conclusion

Most experts agree that it is difficult to nearly impossible to time the market correctly.

Instead, most advise a dollar-cost-average investment strategy that involves adding to your portfolio on a regular basis each month.

This type of approach will go a long way to help smoothing out the volatility of the market, and in the long run it should help to lower the cost basis for your investments.

For the time being, Foolish investors may want to consider a more strategic approach with an emphasis on safety, potentially including these three blue-chip names.

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