



Plan to Be a Millionaire

Description

This past weekend the Masters Tournament came to a close, and yet another golfer became a millionaire. If you are lucky enough to have what it takes to make it on the PGA Tour, then your biggest challenge may just be what to do with all your winnings. For everyone else, however, reaching one million dollars' worth of assets can be a daunting task.

The good news for those willing to do the work is that it can be done fairly easily with a little planning and diligent research. If we begin with a modest sum of \$10,000 and make good investment decisions over a long period, then it's possible to reach one's goals in 30 years if an additional \$5,000 contribution is made annually and a return of 13.1% is obtained.

Although many investors believe that it is necessary to invest in the high flying growth stocks to achieve such a high return, there are many ways to accomplish this goal while taking on much less risk along the way.

When we consider some of the most defensive names available, shares of **Lassonde Industries Inc.** ([TSX:LAS.A](#)) have returned more than 23% on a compounded annual basis over the past five years. The only caveat to receiving this huge upside is that investors had to be willing to [buy](#) shares five years ago and hold them for a lengthy period of time. In addition to the capital appreciation, the company has also offered a dividend yield of close to 1% throughout this period.

As we invest for the future and not as a function of what happened in the past, investors need to consider what they want to be holding for the next decade given the current valuations offered to them. At a price of \$40 per share, **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) may be the best alternative, as the company continues to reward investors with a dividend yield of almost 6.75%. To make this investment more attractive, the company has recently put assets up for sale, which will allow for the repayment of debt and/or a bigger share buyback. As a reminder, the reduction of debt will have a positive effect on the bottom line and make future dividend increases easier to come by.

For those who believe that Enbridge is paying out too great a proportion of their cash flows as dividends, it is worth noting that the total amount of dividends paid increased by 92% from 2016 to

2017 while cash flows from operations (CFO) increased by a total of 35%. For the past year, the payout ratio as a percentage of CFO has been no more than 65%, signalling that this security, which was previously bought for growth and dividends, has clearly become a dividend play with minimal opportunity for capital appreciation.

As is often the case, it takes time for investors to adjust and find the right fit for their portfolios. In the case of Enbridge, many investors seeking growth have exited their [positions](#) as the share price has declined only to witness income investors taking their place.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:LAS.A (Lassonde Industries Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date

2025/09/21

Date Created

2018/04/10

Author

ryangoldsman

default watermark

default watermark