Where RRSP Investors Can Find Dividend Growth

Description

For new and long-time investors, returns are most often very easy to understand:

Total return = capital appreciation + dividends (or cash inflows)

If a stock increases in value or pays a substantial amount in dividends over the holding period, then the total return will be higher. Capital appreciation, however, is a little more difficult to understand in down markets. For an investor who buys $1,000 worth of stock and loses 20%, the return to make up this loss must be $20/$80, which equates to 25%.

When a stock declines in value, it must increase by more (percentage wise) in order to get back to even. As many would say, "It's just not fair." As a result, many investors (especially retirees) have placed a premium on receiving dividends from their investments. As they would choose to say instead, "a bird in the hand is worth two in the bush," which loosely means that cash in hand is better than allowing the company to retain it for future projects.

The first name for investors to consider adding to their RRSP accounts is none other than **Enbridge Inc.** (TSX:ENB)(NYSE:ENB). At a current price near $40 per share, Enbridge offers close to a 7% dividend. To make this investment even more attractive, management has posted on its website the plan to increase the dividend payment over a multi-year period. With such clear expectations, it's difficult for investors to ignore this essential name.

The second name to consider is **High Liner Foods Inc.** (TSX:HLF). Given the recent USD/CAD exchange rate, High Liner has been under substantial pressure over the past few months. For investors who are willing to hold frozen seafood, however, the rewards may be plentiful, as the dividend yield is no less than 5.3%, and the company continues to take market share from its competitors.

In addition to the fundamental analysis, the technical indicators (the 10-day and 50-day Simple Moving Averages) are starting to line up very nicely on the stock. Sometimes, after the fundamental analysis is acceptable, an entry point can be chosen based on these indicators. Over time, the increase in market share will translate to higher dividends.

The last name on the list is **Lassonde Industries Inc.** (TSX:LAS.A), which operates in one of the least exciting industries available: fruit and vegetable juice. The reason to add this name to the list is due to the recent pay down of debt and the clear availability of cash flows, which can either be used to undertake a share buyback or increase the dividend payment to shareholders. To make this dividend-growth story even more interesting, it should be noted that the company is majority owned by a single investor, who may be taking the steps to privatize the company. Time will tell.

There are so many opportunities for investors to obtain steady and growing dividends!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:HLF (High Liner Foods Incorporated)
4. TSX:LAS.A (Lassonde Industries Inc.)

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